



# INFORMATION REPORT

<b>TO:</b>	Mayor and Members General Issues Committee
<b>COMMITTEE DATE:</b>	July 10, 2017
<b>SUBJECT/REPORT NO:</b>	Clean Water and Wastewater Fund Program Update (FCS16083(b)) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	John Savoia (905) 546-2424 Ext. 7298
<b>SUBMITTED BY:</b>	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
<b>SIGNATURE:</b>	

## Council Direction:

Not applicable.

## Information:

The 2016 Federal Budget announced the establishment of a Clean Water and Wastewater Fund (CWWF) to invest up to \$569.6 million in Ontario for immediate improvements to water distribution and treatment infrastructure. The CWWF is designed to accelerate short-term community investments, while supporting the rehabilitation and modernization of drinking water, wastewater and stormwater infrastructure, and the planning and design of future facilities and upgrades to existing systems.

In September 2016, the federal government announced it will contribute 50% of eligible project costs, up to a maximum federal allocation to Hamilton of \$21,945,381 with the Province contributing 25% of eligible project costs, up to a maximum provincial allocation for the City of \$10,972,691. The total CWWF funding allocation to Hamilton amounts to \$32,918,072 for projects totalling \$43,890,763. The municipal allocations under the CWWF were based on the amount of water, wastewater and stormwater assets owned by municipalities and their economic conditions. The City submitted an application in October 2016 to receive approval to access the CWWF funding (for details refer to Report FCS16083).

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*OUR Vision: To be the best place to raise a child and age successfully.*

*OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.*

*OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.*

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The City has recently received CWWF approval for 16 projects submitted to Infrastructure Ontario (IO) in October 2016 (for project details refer to Appendix “A” to Report FCS16083(b)). The approved projects were included with the 2017 Rate Supported Budget reflecting the CWWF funding.

The CWWF application guidelines indicated that projects must be completed with eligible costs being incurred between April 1, 2016 and March 31, 2018. The guidelines further indicated that where need is demonstrated, that with approval from the federal government, up to 25% of total CWWF costs could be extended beyond March 31, 2018. The City has recently been advised that the aforementioned 25% threshold has been increased to 40% of costs (approximately \$13.2 M) that the City may request to be expended beyond March 31, 2018 up to March 31, 2019.

Staff in Hamilton Water will be submitting a request to IO for timeline extensions for seven of the CWWF sub-projects (C-HAM-001, C-HAM-005, C-HAM-006, C-HAM-007, C-HAM-009, C-HAM-011 and C-HAM-015 as noted in Appendix “A” to Report FCS16083(b)) representing 44.5% of the total CWWF costs. Based on the existing CWWF program guidelines pertaining to extension requests, it is anticipated that three projects (C-HAM-006, C-HAM-011 and C-HAM-015) may not be granted project extensions, thereby, resulting in a potential \$3.35 M CWWF grant forfeiture. In the absence of further amendments to CWWF extension / completion timelines, Hamilton Water will need to incorporate the aforementioned grant shortfall into the 2018 Rate Capital Budget representing a further significant budget pressure.

Staff continue to monitor developments with respect to senior governments altering program guidelines and will advise Council accordingly.

**Appendices and Schedules Attached**

Appendix “A” – City of Hamilton Clean Water Wastewater (CWWF) Approved Projects

JS/dt