



CITY OF HAMILTON

CORPORATE SERVICES DEPARTMENT
Financial Planning and Policy Division

PUBLIC WORKS DEPARTMENT
Environment and Sustainable Infrastructure Division

COMMUNITY SERVICES DEPARTMENT
Recreation Division

TO: Mayor and Members General Issues Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: June 13, 2011	
SUBJECT/REPORT NO: Infrastructure Stimulus Projects Update (FCS09052(k)/PW10034(c)/CS10039(c)) (City Wide)	
SUBMITTED BY: Roberto Rossini General Manager Finance and Corporate Services Geoff Rae, MBA, P.Eng. Acting General Manager Public Works Joe-Anne Priel General Manager Community Services	PREPARED BY: John Savoia (905) 546-2424 Ext. 7298
SIGNATURES:	

RECOMMENDATION:

- (a) That report FCS09052(k)/PW10034(c)/CS10039(c) “**Stimulus Infrastructure Projects Update**” be received as information;
- (b) That a request be submitted for consideration to the Canada-Ontario Infrastructure Joint Committee to permit the Federal and Provincial funding commitment be fully cash flowed by October 31, 2011 for ISF funded projects Westmount Recreation Centre # 2380 and Lower Stoney Creek Recreation Centre # 2296 that are not projected to be substantially completed by the revised substantial completion deadline of October 31, 2011 recognizing the City of Hamilton has previously committed to ensure the projects will be fully completed albeit not by October 31, 2011;
- (c) That the motion in subsection (b) of report FCS0952(k)/PW10034(c)/CS10039(c) be forwarded to Prime Minister Harper, Premier McGuinty, Minister Lebel, Minister Chiarelli and Minister Mitchell to consider flexibility in the provision of stimulus funding to the City of Hamilton for ISF funded projects Westmount Recreation Centre # 2380 and Lower Stoney Creek Recreation Centre # 2296;
- (d) That copies of report FCS09052(k)/PW10034(c)/CS10039(c) be forwarded to local MP’s and MPP’s.

EXECUTIVE SUMMARY

The purpose of this report is to provide an update on the status of Infrastructure Stimulus Fund (ISF) and Recreational Infrastructure Canada Program in Ontario and Ontario Recreation Programs (RInC/REC) projects.

On June 5, 2009, the Federal and Ontario Governments approved 14 projects within the City of Hamilton amounting to approximately \$184 million of stimulus funding under ISF. These projects include disaster mitigation, water and wastewater, recreation and energy management initiatives. A 15th ISF project was announced for the City on September 25, 2009, to fund the twinning of the Morgan Firestone Arena at a cost of nearly \$10.3 million. Table 1 of Report FCS09052(k)/PW10034(c)/CS10039(c) provides a listing of the ISF approved projects totalling \$194 million for the City:

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TABLE 1

City of Hamilton - Approved Infrastructure Stimulus Fund (ISF) Projects

	Project Number	Project Name	Federal	Provincial	Municipal	ISF Approved Eligible Budget
Water & Wastewater	660	Biogas/Digester	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 30,000,000
	672	Ferguson Pumping Station	6,666,666	6,666,666	6,666,668	20,000,000
	687	Kenilworth Pumping Station	2,266,667	2,266,667	2,266,666	6,800,000
	700	Stonechurch Reservoir & Pumping Station	1,500,000	1,500,000	1,500,000	4,500,000
	714	Hillcrest Reservoir Upgrades	2,866,667	2,866,667	2,866,666	8,600,000
	968	Woodward Energy Retrofit	1,500,000	1,500,000	1,500,000	4,500,000
	1212	Woodward WTP Upgrades	14,000,000	14,000,000	14,000,000	42,000,000
		Sub-total Water/Wastewater Projects	\$ 38,800,000	\$ 38,800,000	\$ 38,800,000	\$ 116,400,000
Corporate Facilities	898	Lister Energy Expansion	\$ 400,000	\$ 400,000	\$ 400,000	\$ 1,200,000
	1728	EOC/Emergency Services Training Facility	8,333,333	8,333,333	8,333,334	25,000,000
Recreation Facilities	2296	Lower Stoney Creek Recreation Centre	4,333,333	4,333,333	4,333,334	13,000,000
	2344	Coronation Rehabilitation	1,000,000	1,000,000	1,000,000	3,000,000
	2380	Westmount Recreation Centre	7,000,000	7,000,000	7,000,000	21,000,000
	2400	Sir Wilfred Laurier Rehabilitation	500,000	500,000	500,000	1,500,000
	2411	Sir Allen MacNab Rehabilitation	1,000,000	1,000,000	1,000,000	3,000,000
	2425	Morgan Firestone Twinning	3,425,000	3,425,000	3,425,000	10,275,000
		Sub-total Tax Projects	\$ 25,991,666	\$ 25,991,666	\$ 25,991,668	\$ 77,975,000
Total Infrastructure Stimulus Fund Projects			\$ 64,791,666	\$ 64,791,666	\$ 64,791,668	\$ 194,375,000

On July 2, 2009, the Federal and Ontario Governments approved approximately \$3.4 million each towards \$10.3 million of stimulus funding to improve community recreational infrastructure under the RInC/REC programs. Table 2 of report FCS09052(k)/PW10034(c)/CS10039(c) identifies the approved projects and the associated funding:

TABLE 2

City of Hamilton - Approved Recreation Infrastructure Stimulus (RInC/REC) Projects

Project Number	Project Name	Federal	Provincial	Municipal	Total Approved Budget
1154	Turner Park Sports Field Lighting & Washroom Facility	\$ 550,000	\$ 550,000	\$ 550,000	\$ 1,650,000
1160	Chedoke Arena Twin Pad Rehabilitation	\$ 550,000	\$ 550,000	\$ 550,000	\$ 1,650,000
1164	Carlisle Arena Rehabilitation	\$ 550,000	\$ 550,000	\$ 550,000	\$ 1,650,000
1167	Inch Park Arena Rehabilitation	\$ 550,000	\$ 550,000	\$ 550,000	\$ 1,650,000
1169	Rosedale Arena Rehabilitation	\$ 550,000	\$ 550,000	\$ 550,000	\$ 1,650,000
1170	Inch Park Outdoor Pool Rehabilitation	\$ 666,667	\$ 666,667	\$ 666,666	\$ 2,000,000
	Total RInC/REC Projects	\$ 3,416,667	\$ 3,416,667	\$ 3,416,666	\$ 10,250,000

Council approved the financing of the City portion of the ISF and RInC/REC projects on September 30, 2009, (refer to report FCS09052(c) "Infrastructure Stimulus Project Financing").

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The eligibility guidelines for ISF and RInC/REC require that the proposed projects be:

- substantially completed by March 31, 2011;
- incremental (i.e., would not otherwise have been constructed by March 31, 2011, were it not for this funding); and
- shovel-ready.

On December 2, 2010, the Federal Government announced the completion deadline shall be extended to October 31, 2011. The deadline extension was available for ISF and RInC/REC funded projects and the following Tables outline the ISF and RInC/REC funded projects that were approved for deadline extensions:

TABLE 3

Program	Project number	Project title	Total eligible cost
ISF	2380	Westmount Recreation Centre	\$21,000,000
ISF	2296	Lower Stoney Creek Recreation Centre – Phase One	\$13,000,000
ISF	2425	Morgan Firestone Arena Twinning	\$10,275,000
ISF	1212	Woodward Water Treatment Plant Upgrades	\$42,000,000
ISF	660	Biogas/Digester	\$30,000,000
ISF	672	Ferguson Pumping Station Upgrades	\$20,000,000
ISF	714	Hillcrest Water Reservoir Upgrades	\$ 8,600,000
ISF	687	Kenilworth Water Reservoir and Pumping Station Upgrades	\$ 6,800,000
ISF	700	Stonechurch Water Reservoir and Pumping Station Upgrades	\$ 4,500,000

TABLE 4

Program	Project number	Project title	Total eligible cost
RInC/REC	R1154	Turner Park Sports Field Lighting and Washroom Facility	\$1,650,000
RInC/REC	R1170	Inch Park Outdoor Pool Rehabilitation	\$2,000,000

Those stimulus projects for which extension applications were not sought did not receive an extension and the original March 31, 2011, deadline is applicable to those projects. As Table 5 of Report FCS09052(k)/PW10034(c)/CS10039(c) outlines, all of the projects for which the City did not seek extensions for have been substantially completed by the March 31, 2011, deadline. Staff continues to communicate with the

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Federal and Provincial Administrators of the Stimulus Programs to ensure that final claims and reporting are completed as required.

TABLE 5

City of Hamilton - Stimulus Projects Completed by Original Deadline

Funding Program	Program Project Number	Project Name	ISF Approved Eligible Budget	Eligible Expenditures as of March 31, 2011
ISF	898	Lister Energy Expansion	\$ 1,200,000	\$ 1,200,000
ISF	968	Woodward Energy Retrofit	4,500,000	4,500,000
ISF	1728	EOC/Emergency Services Training Facility	25,000,000	25,000,000
ISF	2344	Coronation Rehabilitation	3,000,000	3,000,000
ISF	2400	Sir Wilfred Laurier Rehabilitation	1,500,000	1,500,000
ISF	2411	Sir Allen MacNab Rehabilitation	3,000,000	3,000,000
Sub-total ISF Completed			\$ 38,200,000	\$ 38,200,000
RInC/REC	1160	Chedoke Arena Twin Pad Rehabilitation	\$ 1,650,000	\$ 1,641,761
RInC/REC	1164	Carlisle Arena Rehabilitation	1,650,000	1,272,784
RInC/REC	1167	Inch Park Arena Rehabilitation	1,650,000	1,283,870
RInC/REC	1169	Rosedale Arena Rehabilitation	1,650,000	1,434,401
Sub-total RInC/REC Completed			\$ 6,600,000	\$ 5,632,817
Total Completed Stimulus Funded Projects			\$ 44,800,000	\$ 43,832,817

The City has entered into Amended Contribution Agreements for the projects listed in Tables 3 and 4 of Report FCS09052(k)/PW10034(c)/CS10039(c). Extension approvals were conditional on a Council resolution committing to finish the project and accepting responsibility for any costs incurred beyond the October 31, 2011, date (refer to Report FCS09052(j)).

The senior governments have noted that the extension being granted is an exceptional, one-time measure and further extensions will not be considered. Any costs incurred after October 31, 2011, will not be reimbursed by the Federal or Ontario Governments.

The completion deadline extension has reduced the City's financial exposure but has not fully eliminated the potential exposure outlook. As noted in Table 6 of Report FCS09052(k)/PW10034(c)/CS10039(c), the City potentially may have as many as 2 of the 15 ISF projects for which funding was approved, that will not fully meet the substantial completion deadline date of October 31, 2011. Should the federal funding cease as of October 31, 2011, the City's exposure of loss of federal ISF funding is estimated to be approximately \$3.88 million and this amount could double to \$7.8 million should the Ontario Government take the equivalent position of the Federal Government on this matter. It should be noted that this exposure has not been

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accommodated through either the capital budget forecast or reserve forecasts. If the City were to unilaterally fund this exposure, it would have a significant impact on the level of capital investment in 2012 and/or on City reserves capacity. Relative to the potential financial exposure outlook provided in a January 2011 Project Update to Council, the updated potential loss of \$7.8 million from 2 projects is \$1.8 million less than the \$9.6 million from the same two projects previously identified (refer to report FCS09052(i)/PW10034(b)/CS10039(b)).

TABLE 6

City of Hamilton - Risk Exposure to Stimulus Projects with Extended Deadline										
Funding Program & Responsible City Division	Program Project Number	Project Name	Claimed Expenditures as of March 31, 2011	Commitments including Contingency (as per PeopleSoft)	ISF Approved Eligible Budget	% Complete at April 30, 2011	Estimated % Complete as of October 31, 2011	Estimated % of ISF Budget Spent at October 31, 2011	Federal	Provincial
									Exposure as of October 31, 2011	Exposure as of October 31, 2011
ISF Water and Wastewater	1212	Woodward WTP Upgrades	\$ 29,826,679	\$ 11,581,661	\$ 42,000,000	71%	100%	100%	\$ -	\$ -
	660	Biogas/Digester	10,277,009	32,755,597	30,000,000	34%	80%	100%	-	-
	672	Ferguson Pumping Station	10,100,525	12,484,681	20,000,000	54%	90%	100%	-	-
	687	Kenilworth Pumping Station	3,658,161	6,776,840	6,800,000	54%	100%	100%	-	-
	700	Stonechurch Reservoir & Pumping Station	4,359,233	2,875,558	4,500,000	97%	100%	100%	-	-
	714	Hillcrest Reservoir Upgrades	4,843,558	8,502,312	8,600,000	57%	100%	100%	-	-
ISF Recreation	2380	Westmount Recreation Centre	4,892,364	12,904,256	21,000,000	38%	75%	60%	2,800,000	2,800,000
	2296	Lower Stoney Creek Recreation Centre	2,499,203	9,959,495	13,000,000	40%	66%	75%	1,083,333	1,083,333
	2425	Morgan Firestone Twinning	7,126,242	2,415,282	10,275,000	85%	100%	100%	-	-
RInC/REC Recreation	1154	Turner Park Field Lighting & Washroom	1,209,452	80,000	1,650,000	65%	100%	100%	-	-
	1170	Inch Park Outdoor Pool Rehabilitation	1,955,925	598,064	2,000,000	90%	100%	100%	-	-
Total			\$ 80,748,351	\$ 100,933,746	\$ 159,825,000				\$ 3,883,333	\$ 3,883,333

Staff will make every effort possible to complete the 2 projects that face challenges in meeting the October 31, 2011, deadline. However, due to a number of factors described, in detail, in the *Analysis/Rationale for Recommendation* section of this report, two ISF funded projects (Westmount Recreation Centre # 2380 and Lower Stoney Creek Recreation Centre # 2296) are not projected to be substantially complete by the extended substantial completion deadline of October 31, 2011.

As noted previously, Council has passed a resolution committing the City to complete any stimulus funded projects that do not meet the substantial completion deadline of October 31, 2011. Given this commitment, staff recommend that Council support a request be submitted for consideration to the Federal and Ontario Provincial Governments to cash flow their full funding commitment by October 31, 2011, for the two ISF funded projects that are not projected to be substantially complete by the extended substantial completion deadline of October 31, 2011.

Alternatives for Consideration – Not Applicable

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial: The contribution agreements for both the ISF and RInC/REC programs indicate the approved projects funded by the programs must be substantially completed by a deadline of March 31st, 2011.

On December 2, 2010, the Federal Government nonetheless granted a seven month extension under certain conditions to October 31, 2011, in order to provide municipalities an extra construction season to complete projects. For stimulus projects that are not fully completed by October 31, 2011, the government has indicated that it would not pay any costs incurred after the deadline.

As noted in Table 6 of Report FCS09052(k)/PW10034(c)/CS10039(c), should the federal funding cease as of October 31, 2011, the City's exposure of loss of federal ISF funding is estimated to be approximately \$3.88 million and this amount could double to \$7.8 million should the Ontario Government take the equivalent position of the Federal Government on this matter.

Staffing: Not Applicable.

Legal: Not Applicable.

HISTORICAL BACKGROUND (Chronology of events)

On June 5, 2009, the Federal and Ontario Governments approved approximately \$184 million of stimulus funding under ISF. The 14 projects included disaster mitigation, water and wastewater, recreation and energy management initiatives. A 15th ISF project was announced for the City on September 25, 2009, to fund the twinning of the Morgan Firestone Arena at a cost of nearly \$10.3 million. Table 1 of Report FCS09052(k)/PW10034(c)/CS10039(c) provides a listing of the ISF projects approved for the City.

On July 2, 2009, the Federal and Ontario Governments approved approximately \$3.4 million each towards \$10.3 million of stimulus funding to improve community recreational infrastructure under the RInC/REC programs. Table 2 of Report FCS09052(k)/PW10034(c)/CS10039(c) identifies the approved projects and the associated funding.

Council approved the financing of the City portion of the ISF and RInC/REC projects on September 30, 2009, (refer to Report FCS09052(c) "Infrastructure Stimulus Project Financing").

The eligibility guidelines for ISF and RInC/REC required that the proposed projects be:

- substantially completed by March 31, 2011;
- incremental (i.e., would not otherwise have been constructed by March 31, 2011, were it not for this funding); and
- shovel-ready.

On December 2, 2010, the Federal Government granted a seven month extension under certain conditions to October 31, 2011, in order to provide municipalities an extra construction season to complete projects. The government has indicated that it would not pay any costs for stimulus projects that are not fully completed by October 31, 2011.

The funding complications for the City are significant. As noted in Table 6 of Report FCS09052(k)/PW10034(c)/CS10039(c), the City may have 3 of the 15 ISF projects not meet the revised substantial completion deadline date of October 31, 2011. Should the federal funding cease as of October 31, 2011, the City's exposure of loss of federal ISF funding is estimated to be approximately \$3.88 million and this amount could double to \$7.8 million should the Ontario Government take the equivalent position of the Federal Government on this matter.

Report FCS09052(k)/PW10034(c)/CS10039(c) seeks Council's support to request that the Federal and Provincial Governments cash flow their full funding commitment by October 31, 2011, for two ISF funded projects (Westmount Recreation Centre # 2380 and Lower Stoney Creek Recreation Centre # 2296) that are not projected to be substantially complete by the extended substantial completion deadline of October 31, 2011.

POLICY IMPLICATIONS

Not applicable.

RELEVANT CONSULTATION

Hamilton Emergency Services
Public Works - Transportation, Energy and Facilities Division

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

There have been a number of factors, outside of municipal control, that have contributed to two ISF funded projects that are projected to not meet the revised substantial completion deadline of October 31, 2011. They are as follows:

Westmount Recreation Centre (ISF Project No. 2380)

- Construction of a new recreation centre complete with a 25 metre 8 lane pool, a leisure pool with a water slide and a therapeutic pool. The facility will contain a dedicated youth centre, seniors centre, double gymnasium, dance/fitness studio, male, female and family change rooms, multi-purpose rooms and kitchen for community use. The entire facility will be barrier free to meet the needs of residents with disabilities.

ISF Budget: \$ 21,000,000

Current Status: 35 % completed

Projected Substantial Completion Date: August 2012

Issues Impacting Project Completion:

The construction phase for a project of this size would typically take approximately 22-24 months. The project is on target to meet this goal.

- During the design phase of the project, three sites were being considered. The decision to construct on the current site was approved in December 2009.
- Negotiations with the school board for the acquisition of 6.5 acres of land and a 99 year lease of the lands to be completed prior to construction took much longer than expected.
- Re-design of the storm water management pond to accommodate open space on the site took longer than expected.
- Construction delays due to the winter conditions and an unusually wet spring in 2011.

Lower Stoney Creek Recreation Centre (ISF Project No. 2296)

- Construction of a new recreation centre complete with a 25 metre 5 lane pool, a leisure pool with water slide and a therapeutic pool. The facility will contain a dedicated youth centre, seniors centre, dance/ fitness studio, kitchen, male,

female and family change rooms. The entire facility will be barrier free to meet the needs of residents with disabilities.

ISF Budget: \$ 13,000,000

Current Status: 40% completed

Projected Substantial Completion Date: May 2012

Issues Impacting Project Completion:

The construction phase for a project of this size would typically take approximately 18 months. The project is on target to meet this goal.

- Archaeological Assessment - a Phase One and Phase Two archaeological assessment by a third party was required prior to construction and was not expected. The site continues to be monitored during construction.
- Construction delays due to the winter conditions and an unusually wet spring in 2011.
- The City had to honour an existing lease with tenants occupying the scout hut facility on the site as the structure is being demolished as part of the project.

There have been a number of media reports regarding a few Ontario municipalities who are also experiencing challenges to implement stimulus projects by the October 31, 2011, deadline. Notably, it has been reported that the Town of Owen Sound is not expected to substantially complete an ISF funded \$38.6 million recreation centre project until April 2012.

In January 2011, Council passed a resolution whereby the City has committed to ensure that all stimulus projects approved for the extended deadline of October 31, 2011, will be completed even if substantial completion is not achieved by this deadline date.

ISF funded projects, Westmount Recreation Centre and Lower Stoney Creek Recreation Centre, as previously described, are not projected to be complete by October 31, 2011, largely due to factors beyond the City's control. In light of the City's commitment to complete these projects, staff have recommended a request be made to the senior governments to cash-flow their funding commitment regarding the aforementioned projects by October 31, 2011, as there is no risk to the senior governments of partially funding projects that are not subsequently completed. By permitting the full release of their financial commitment to the City by October, 31, 2011, the City will be able to focus on completing the projects and not be hindered by a funding gap resulting from circumstances which the City could not control.

ALTERNATIVES FOR CONSIDERATION:

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

Not Applicable.

CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

Financial Sustainability

- ◆ Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost-effective manner
- ◆ Address infrastructure deficiencies and unfunded liabilities

Intergovernmental Relationships

- ◆ Maintain effective relationships with other public agencies

Environmental Stewardship

- ◆ Natural resources are protected and enhanced

APPENDICES / SCHEDULES

Not Applicable.