

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MAY 23, 2018

Item 8, Report No. 5, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on May 23, 2018.

8 CLEAN WATER AND WASTEWATER FUND AWARDED PROJECTS FUNDING REALLOCATION

The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Deputy City Manager, Public Works and the Chief Financial Officer and City Treasurer, dated May 7, 2018:

Recommendations

1. That Council authorize the City Treasurer to apply the required budget amendment to the existing approved capital funding arising from the CWWF funding reallocation.

(A copy of the attachments referred to in the following report have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)

Item:



Finance, Administration and Audit Committee Report

DATE: Monday, May 07, 2018

WARD(S): ALL

TITLE: CLEAN WATER AND WASTEWATER FUND AWARDED PROJECTS FUNDING REALLOCATION

FROM:

Stephen Collins, Deputy City Manager, Public Works

Laura Mirabella, Chief Financial Officer and City Treasurer

ACTION: DECISION

Purpose

To provide Council with a status update on the Clean Water and Wastewater Fund (CWWF) awarded projects and to obtain Council approval on the CWWF projects funding reallocation.

Recommendations

1. That Council authorize the City Treasurer to apply the required budget amendment to the existing approved capital funding arising from the CWWF funding reallocation.

Report Highlights

- The City received notices on June 25 and July 28, 2017 from the Ministry of Infrastructure indicating that all projects submitted for the CWWF had been approved for funding.
- A CWWF Task Force was formed, led by the DCM of Public Works, to facilitate a collaborative effort amongst various city departments.
- Budgets have been appropriately established, procurement plans have been developed and project management teams have been identified for CWWF projects in accordance to requirements in the original CWWF Transfer Payment Agreement.
- The CWWF Program timeline has been extended to March 31, 2020 from original deadline of March 2018.
- An opportunity emerged in January 2018 for the City to maximize potential grant funding inflow by reallocating surplus funds resulting from savings from existing projects to other projects up to the limit of the grant approval
- The funding reallocation application was submitted to Infrastructure Ontario on January 31, 2018 and was approved by the Federal Government on April 9, 2018.

Background

The Ministry of Infrastructure notified the City in June and July 2017 that CWWF grant money was approved for 34 projects

The Clean Water and Wastewater Fund (CWWF) is a federal program designed to accelerate short-term community investment supporting projects that will contribute to the rehabilitation, modernization, and planning and design of drinking water, wastewater and stormwater infrastructure.

The City received notices on June 25 and July 28, 2017 from the Ministry of Infrastructure indicating that all projects submitted for the CWWF had been approved for funding.

The CWWF grants will assist in funding thirty-four (34) projects including: VMC Edgeley Pond and Park, Centre Street Watermain Replacement, Stegman's Mill Watermain Replacement, Andrew Park/Button/Marilyn Place/ North Humber Road Watermain Replacement, Clarence Street Slope Stabilization, watermain condition assessments and various water metering related programs.

Pursuant to the requirement of the Clean Water and Wastewater Fund, the CWWF Transfer Payment Agreement was executed on September 25, 2017 by the Mayor and the City Clerk, as per the authority provided in June 28, 2016 Council Resolution.

Previous Reports/Authority

[N/A](#)

Analysis and Options

The CWWF grant award has supported the City's ability to immediately fund projects that would otherwise have been deferred in the short term or to alleviate funding pressure on existing capital programs that are underway.

Given the amount of awarded funding and the significant short term and long term positive impact on the community, a Task Force was formed, led by the DCM of Public Works, to facilitate a collaborative effort amongst various city departments. Throughout the summer months of 2017, staff from several departments across the City worked quickly and diligently to take the following actions to ensure all projects are carried out in accordance with the CWWF Agreement terms and conditions.

- Budgets had been appropriately established for CWWF projects and the details of the resulting 2017 budget amendment was communicated through the City's 2017 Q2 Quarterly Fiscal Health Report presented at the September 20, 2017 Finance, Administration and Audit Committee
- Procurement plans had been developed to ensure that contracts are consistent with and incorporate the relevant provisions of the CWWF agreement while allowing goods and services to be tendered in a timely fashion
- Project management teams had been identified to ensure smooth delivery of the CWWF funded infrastructure

The original deadline to complete all CWWF funded projects was March 31, 2018

Originally, the Clean Water and Wastewater Fund Program Guidelines specified that projects must be complete with all costs incurred prior to March 31, 2018. Extensions required a pre-approval by the Province and the Federal Government for potential extension to March 31, 2019 provided that the need is demonstrated and minimum of 60 percent of the costs would be incurred prior to March 31, 2018.

The City received notification that the CWWF funded projects had been granted an extension to March 2020

The timelines required to deliver these projects within the grant requirement dates were extremely aggressive which in turn could impose risks of possible higher bid prices and rushed project delivery. In addressing those potential risks, staff identified timeline extensions and scope changes required for successful project completion and submitted a request to Infrastructure Ontario on September 5, 2017. The City received confirmation from Infrastructure Ontario on December 20, 2017 that the request for project extension

to March 31, 2019 had been approved by the federal government, with a condition that each project be 60 percent complete by March 2018.

Coordination continued between City staff and the senior levels of government in assisting the City to respond to new CWWF program developments. In addition, the Task Force team participated in the province's advocacy effort which urged the federal government to provide further flexibilities in project timelines and scope changes.

On January 4th, 2018, staff received an email notification from Infrastructure Ontario that the CWWF Program had extended the program timeline to March 31, 2020.

A CWWF webinar in January 2018 advised that re-allocation of grant money within the existing approved projects would be entertained

On January 24th, 2018, staff participated in a CWWF webinar hosted by Infrastructure Ontario. CWWF recipients were told during the webinar that there would be an opportunity to submit a scope change request and Infrastructure Ontario would consider the financial impact on CWWF projects. Further, the requirement for projects to be 60 percent complete by March 2018 was relaxed. The City was also given the authority to reallocate funds to approved projects up to the limit of the grant approval to offset over and under funding of tendered projects, provided one that the reallocation was required because of scope change; and two an application for the reallocation was submitted to the federal government by January 31, 2018.

The City took advantage of the re-allocation and submitted information to Infrastructure Ontario to maximize the grant

The Task Force considered the timeline extension and funding reallocation as a great opportunity for the City to help manage capital project risk and to help ensure overall grant funding is maximized. The Task Force reviewed the tender results for each project, revised project cost estimates, re-prioritized projects and put together a proposed scope change and funding reallocation and submitted the request to Infrastructure Ontario before the deadline.

Staff received confirmation that the re-allocation was approved

Staff received confirmation from Infrastructure Ontario that the scope change and the funding reallocation had been approved by the Federal Government on April 9, 2018.

Financial Impact

The total eligible cost approved for CWWF funding was maximized at \$27.80 million, of which \$13.90 million was to be funded from the Federal CWWF program contribution, \$6.95 million was to be funded from the Provincial CWWF contribution and the remaining \$6.95 million was to be funded by the City.

Given that the CWWF application was prepared under a very tight timeline, it reflected the best reasonable estimate of the project costs based on information available at the time of the grant application. Procurement results indicated that close to \$5.0 million in cost savings is expected from some CWWF projects. Therefore, the proposed funding allocation aims to maximize the City's CWWF grant funding by reallocating funds within the funding limit.

Broader Regional Impacts/Considerations

York Region received CWWF funding for twenty-nine (29) regional projects; advancing regional capital projects through third party funding benefits local municipalities through continued provision of reliable Regional water and wastewater services.

Conclusion

The City received confirmation that all thirty-four (34) projects submitted for the CWWF grant had been approved for funding. Completion of these projects is essential to keeping our communities safe, healthy and livable. A task force was formed, led by the DCM of Public Works, to facilitate a collaborative effort amongst various city departments and to address action items in a timely and appropriate manner.

An opportunity emerged in late January for the City to maximize potential grant funding by reallocating funds to approved projects up to the limit of the grant approval. The application for funding reallocation was submitted to Infrastructure Ontario on January 31, 2018 and was approved by the Federal Government on April 9, 2018.

For more information, please contact:

Maggie Wang, Manager, Corporate Financial Planning & Analysis, Ext. 8029

Attachments

1. The CWWF Awarded Projects Funding Reallocation List

Prepared by

Maggie Wang, MBA, CPA, CGA, A.I.M.A., Manager, Corporate Financial Planning & Analysis, Ext 8029
CWWF Task Force Team