

Investing in Canada Infrastructure Program – COVID-19 Resilience Infrastructure Stream

Date: November 26, 2020

To: Executive Committee

From: City Manager

Wards: All

SUMMARY

In October 2020, the Province of Ontario announced the launch of the federal-provincial \$1.05 billion, COVID-19 Resilience Infrastructure funding stream¹ under the Investing in Canada Infrastructure Program (ICIP). In response to COVID-19, the purpose of this funding stream is to build or renovate health and safety related projects in long-term care (\$100 million), education (\$700 million) and local governments (\$250 million).

On November 17, 2020, Ontario launched the intake for the Local Government Sub-Stream. Toronto's allocation under this Sub-Stream is \$24,266,076, and the City can submit up to five project applications for this funding. This Sub-Stream supports capital projects under four categories:

1. Retrofits, repairs and upgrades for municipal, territorial, provincial and Indigenous buildings, health infrastructure and schools.
2. COVID-19 response infrastructure, including measures to support physical distancing.
3. Active transportation infrastructure, including parks, trails, foot bridges, bike lanes and multi-use paths.
4. Disaster mitigation and adaptation projects, including natural infrastructure, flood and fire mitigation, and tree planting and related infrastructure.

On November 23, 2020, the Province also launched the intake for the Long-Term Care Sector Sub-Stream. Unlike the Local Government Sub-Stream, this Sub-Stream is merit-based and as such, the City did not receive a funding allocation. This Sub-Stream supports capital projects under two categories:

1. Retrofits, repairs and upgrades for long-term care infrastructure.
2. COVID-19 resilience infrastructure, including measures to support physical distancing in long-term care homes.

¹ <https://news.ontario.ca/en/release/58972/ontario-launching-covid-19-resilience-infrastructure-stream>

Under both Sub-Streams, the federal government will contribute up to 80% of eligible project costs for municipal projects and the Province will contribute the remaining 20%. Projects must start no later than September 30, 2021 and must be substantially completed by December 31, 2021.

This report recommends City Council confirm the list of projects to be submitted to the Local Government Sub-Stream as outlined in Attachment 1 to maximize Toronto's full funding allocation. In addition, this report also recommends City Council confirm the list of projects to be submitted under the Long-Term Care Sector Sub-Stream as outlined in Attachment 2. The projects outlined in Attachment 1 and 2 have been identified as having the best probability of success as they meet the mandatory program criteria, and best meet the following criteria:

- Project addresses COVID-19 health and safety impacts.
- Project addresses Accessibility for Ontarians with Disabilities Act (AODA) requirements.
- Project supports vulnerable groups impacted by COVID-19.
- City Council has endorsed the project through a City strategy, plan or decision.
- The project is within the City's 10-year Capital Budget and Plan as approved by Council or built in to the 2021 budget request.
- Project is in a state of readiness with adequate level of design to proceed to construction.
- A site has been secured for the project (if applicable).
- Project advances the implementation of the Ravine Strategy (2020.EX17.1).
- Project advances critical building repairs, retrofits and upgrades in City buildings including in long-term care homes and shelters (2020.EX17.1).

COVID-19 has resulted in disproportionate impacts on racialized and equity-seeking communities, and further deepened the inequalities that are already experienced by residents and neighbourhoods across our City. These recommended projects provide an opportunity to focus on the critical needs of residents, advance health and safety efforts including enabling residents to enjoy outdoor recreation opportunities, and create jobs as we tackle both resurgences of the virus and lay the foundation for a strong recovery together.

RECOMMENDATIONS

The City Manager recommends that:

1. City Council authorize the City Manager in consultation with the Chief Financial Officer and Treasurer, to apply for federal and provincial funding under the Investing in Canada Infrastructure Program (ICIP) – COVID-19 Resilience Infrastructure Stream – Local Government Sub-Stream for projects set out in Attachment 1 to this report.
2. City Council authorize the City Manager in consultation with the Chief Financial Officer and Treasurer, to apply for federal and provincial funding under the Investing in Canada Infrastructure Program (ICIP) – COVID-19 Resilience

Infrastructure Stream – Long-Term Care Sector Sub-Stream for projects set out in Attachment 2 to this report.

3. City Council grant approval to receive funds, if any, from the COVID-19 Resilience Infrastructure Stream – Local Government Sub-Stream and the Long-Term Care Sector Sub-Stream for all City projects outlined in Attachment 1 and Attachment 2 to this report.
4. City Council authorize the Mayor and/or the City Manager to enter into and execute any agreements, including any amendments, with the Province of Ontario and/or Government of Canada under the COVID-19 Resilience Infrastructure Stream – Local Government Sub-Stream and Long-Term Care Sector Sub-Stream on terms and conditions satisfactory to the City Manager and the Chief Financial Officer and Treasurer, and in a form satisfactory to the City Solicitor.
5. Should Ontario or Canada reject one or more of the City's projects submitted as outlined in Attachment 1, that City Council authorize the City Manager, in consultation with the Chief Financial Officer and Treasurer, to apply for funding for projects under the Local Government Sub-Stream that meet mandatory program eligibility criteria and that best meet the following criteria:
 - Project addresses COVID-19 health and safety impacts.
 - Project addresses Accessibility for Ontarians with Disabilities Act (AODA) requirements.
 - Project supports vulnerable groups impacted by COVID-19.
 - City Council has endorsed the project through a City strategy, plan or decision.
 - The project is within the City's 10-year Capital Budget and Plan as approved by Council or built in to the 2021 budget request.
 - Project is in a state of readiness with adequate level of design to proceed to construction.
 - A site has been secured for the project (if applicable).
 - Project advances the implementation of the Ravine Strategy (2020.EX17.1).
 - Project advances critical building repairs, retrofits and upgrades in City buildings including in long-term care homes and shelters (2020.EX17.1).
6. City Council request the Chief Financial Officer and Treasurer to inform City Council through Budget Committee and as part of the 2021 Budget process of any changes required to the 2021 Staff Recommended Capital Budget and Plan based on City Council approval of projects in Attachment 1 and Attachment 2.

FINANCIAL IMPACT

Subject to City Council approval, capital projects will be submitted as part of the City's funding applications within the COVID-19 Resilience Infrastructure Stream, providing added capital funding to support eligible capital needs. \$24.3 million will be submitted as

part of the Local Government Sub-Stream and an added \$10.0 million submitted as part of the Long-Term Care Sector Sub-Stream.

The focus of the Local Government Sub-Stream is to advance pandemic-resilient infrastructure projects and stimulate local economies. Toronto's allocation under the Local Government Sub-Stream is \$24,266,076. The City can submit up to five project applications for funding. It is recommended that the following projects be submitted (project details available in Attachment 1):

1. AODA – Toronto Accessibility Upgrades (CREM): \$3.0 million
2. Ravine Strategy (PFR): \$6.2 million
3. HVAC Upgrades at Shelter Sites (SSHA): \$7.761 million
4. Various Active Transportation Works (Transportation Services): \$4.5 million
5. COVID-19 UVC Lamp Installation and Bus Barriers (TTC): \$2.8 million

The focus of the Long-Term Care Sector Sub-Stream is to fund targeted improvements directly linked to new COVID-19 measures to reinforce safe physical distancing and retrofitting projects. Unlike the Local Government Sub-Stream, the LTCH Sub-Stream is merit-based and as such, the City did not receive a funding allocation. The Province of Ontario will evaluate all applications and only those projects approved by Ontario will be nominated to the federal government for final approval. It is recommended that the following projects, all within Senior Services and Long-Term Care be submitted (project details available in Attachment 2):

1. HVAC Upgrades: \$3.0 million
2. COVID-19 Facility Improvements and Accessibility Solutions: \$3.0 million
3. Fire Alarm Replacement: \$1.5 million
4. Generator Upgrades: \$2.5 million

Projects approved will receive full funding from the COVID-19 stream and will not require further City funding, providing added funding capacity to address capital requirements. The Chief Financial Officer and Treasurer has been provided the financial impact associated with this request for review as part of 2021 budget process, and has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting of October 27, 2020, City Council directed City staff to put forward a COVID-19 Resilience Funding Stream proposal that would fast track implementation of the City's Ravine Strategy and to consider a proposal that fast tracks critical building repairs in priority buildings including at shelters and long-term care homes.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EX17.1>

COMMENTS

Investing in Canada Infrastructure Plan (ICIP) – Overview

Infrastructure Canada (INFC) is delivering \$33 billion over 11 years (2018-2028) through Integrated Bilateral Agreements (IBAs) with Provinces/Territories as part of the Investing in Canada Infrastructure Program (ICIP). This includes the following national funding envelopes:

- \$20.1 billion for public transit;
- \$9.2 billion for green infrastructure;
- \$1.3 billion for community, culture and recreation infrastructure; and
- \$2.4 billion for infrastructure needs in rural and northern communities

Through ICIP, the Government of Canada intends to create long-term economic growth, support a low carbon, green economy and build inclusive communities. On March 14, 2018, the Province of Ontario and the Government of Canada signed the Canada-Ontario IBA for ICIP.² Under the IBA, the Province is responsible for prioritizing and nominating projects to Canada for approval under all funding streams through engagement with local and regional governments. The IBA also requires the Province to ensure a fair balance of municipal and provincial projects are submitted to the federal government for approval.

COVID-19 Resilience Infrastructure Stream – Overview

On August 5, 2020, federal Minister of Infrastructure and Communities, Catherine McKenna, announced the launch of the COVID-19 Resilience Infrastructure funding stream ("COVID-19 stream") under ICIP. Under this temporary program, the federal government provided provinces and territories the ability to transfer up to 10 percent of their original ICIP allocations to this new COVID-19 stream. The purpose of this stream is to fund quick-start, short-term infrastructure projects that respond to the impacts of COVID-19. It is important to note that this is not new funding, but rather a re-allocation of existing ICIP dollars towards this COVID-19 stream.

Subsequently, on October 28, 2020, Ontario announced that it would opt-in to the COVID-19 stream and reallocate up to \$1.05 billion in combined federal-provincial funding from the ICIP-Green stream to the COVID-19 stream. Of this \$1.05 billion in funding, \$250 million is being allocated to municipalities for local infrastructure needs under the Local Government Sub-Stream. \$100 million is being allocated to the Long-Term Care Sector Sub-Stream for capital projects in for-profit and not-for-profit long-term care homes (LTCHs), including municipal LTCHs. The remaining \$700 million in funding is being directed by the Province to projects in education.

The federal government will cover 80% of the total eligible costs associated with any approved municipal project and Ontario will cover the remaining 20%. Municipalities will

² <https://www.infrastructure.gc.ca/alt-format/pdf/agreements-ententes/2018/2018-ON-Bilateral-Agreement-EN.pdf>

not be required to cost-share under both the Local Government and the Long-Term Care Sector Sub-Streams.

Local Government Sub-Stream

The focus of the Local Government Sub-Stream is to advance pandemic-resilient infrastructure projects and stimulate local economies. Eligible project categories include:

1. Retrofits, repairs and upgrades for municipal, territorial, provincial and Indigenous buildings, health infrastructure and schools.
2. COVID-19 response infrastructure, including measures to support physical distancing.
3. Active transportation infrastructure, including parks, trails, foot bridges, bike lanes and multi-use paths.
4. Disaster mitigation and adaptation projects, including natural infrastructure, flood and fire mitigation, and tree planting and related infrastructure.

Toronto's allocation under the Local Government Sub-Stream is \$24,266,076. Toronto was notified of its allocation on November 6, 2020 at which point the Province also confirmed that the City could submit up to five project applications for funding.

Allocations under the Local Government Sub-Stream were determined by the Province. Each of Ontario's 444 municipalities was provided with base funding of \$100,000. The remaining \$205.6 million was distributed to municipalities based on an allocation formula. The formula considers the infrastructure portfolio in the municipality and the municipality's financial capacity, using the following inputs:

- The value of infrastructure (with an adjustment to treat upper tier and lower tier municipalities comparably).
- The property tax base (using the property assessments weighted by tax class).
- The number of households and their median household income.

Ontario has noted that this formula aligns with the [Ontario Community Infrastructure Fund](#) (OCIF). The OCIF provides funding for small, rural and northern communities to develop and renew their infrastructure. Toronto is not eligible for OCIF funding.

While municipalities may submit projects on behalf of not-for-profits (NFP) within their municipal allocation under the Local Government Sub-Stream, the City is not exercising this option given the City's immediate financial pressures and infrastructure needs in response to COVID-19 far exceed available funding under this program.

Local Government Sub-Stream – Eligible Projects

Eligible projects must meet the following criteria:

- Be under \$10 million in total eligible costs.
- Construction must start on projects no later than September 30, 2021 and projects must be completed by December 31, 2021.
- Meet one of the four eligible project categories and be a fixed capital asset.

The following projects are deemed ineligible by the Province under this Sub-Stream:

- Tourism infrastructure (e.g. visitor information centre).
- Facilities that are home to a professional sports team.
- Stand-alone planning projects.
- Any project which has already started construction or contracts awarded.
- Projects submitted under other ICIP streams that have been nominated to the federal government.
- Projects submitted under the Ontario Ministry of Long-Term Care and Ministry of Education COVID-19 funding streams.

As with other ICIP streams, projects that have already commenced construction or contain no capital components are ineligible for funding. In addition, expenditures incurred prior to federal approval, as well as any and all expenditures related to contracts signed prior to federal approval, are ineligible for reimbursement. Additional details about the Local Government Sub-Stream including eligible expenditures are available on the Government of Ontario's website.³

Long-Term Care Sector Sub-Stream

The focus of the Long-Term Care (LTC) Sector Sub-Stream is to fund targeted improvements directly linked to new COVID-19 measures to reinforce safe physical distancing and retrofitting projects in LTC homes. Eligible project categories include:

1. Retrofits, repairs and upgrades for long-term care infrastructure.
2. COVID-19 resilience infrastructure, including measures to support physical distancing.

Unlike the Local Government Sub-Stream, the LTC Sector Sub-Stream is merit-based and as such, the City did not receive a funding allocation. The Province of Ontario will evaluate all applications and only those projects approved by Ontario will be nominated to the federal government for final approval. Under this Sub-Stream, both for-profit and not-for-profit LTC homes, including municipal LTC homes may apply for funding. The City may submit multiple project applications under this Sub-Stream and may bundle projects together under one category as long as projects have the same ultimate recipient and similar project descriptions or project activities.

Long-Term Care Sector Sub-Stream – Eligible Projects

For projects to be eligible for funding they must meet the following criteria:

- Be a licensed LTC home and cannot be currently under redevelopment.
- Be under \$10 million in total eligible costs.
- Construction must start on projects no later than September 30, 2021 and projects must be completed by December 31, 2021.
- Meet one of the two eligible project categories and be a fixed capital asset.

³ <https://www.ontario.ca/page/available-funding-opportunities-ontario-government#section-7>

As with other ICIP streams, projects that have already commenced construction or contain no capital components are ineligible for funding under this Sub-Stream. In addition, expenditures incurred prior to federal approval, as well as any and all expenditures related to contracts signed prior to federal approval, are ineligible for reimbursement. Additional details about the Long-Term Care Sector Sub-Stream can be found on the Government of Ontario's website.⁴

City Application Process

The City Manager's Office is coordinating the application process for both the Local Government Sub-Stream and the Long-Term Care Sector Sub-Stream in collaboration with City Finance and City Divisions, Agencies and Corporations.

Toronto can submit up to five project applications under the Local Government Sub-Stream. Municipalities may bundle multiple projects within one of the four categories of the Local Government Sub-Stream under one project submission. The City's submissions for this Sub-Stream are due by January 7, 2021.

There is no application limit for Toronto under the Long-Term Care Sector Sub-Stream. The City may bundle projects within one of the two categories of the Long-Term Care Sector Sub-Stream. Applications for this Sub-Stream are due by December 18, 2020.

The projects listed in Attachment 1 and 2 have been identified as having the best probability of success as they meet the mandatory program criteria for their specific Sub-Stream, and best meet the following criteria:

- Project addresses COVID-19 health and safety impacts.
- Project addresses Accessibility for Ontarians with Disabilities Act (AODA) requirements.
- Project supports vulnerable groups impacted by COVID-19.
- City Council has endorsed the project through a City strategy, plan or decision.
- The project is within the City's 10-year Capital Budget and Plan as approved by Council or built in to the 2021 budget request.
- Project is in a state of readiness with adequate level of design to proceed to construction.
- A site has been secured for the project (if applicable).
- Project advances the implementation of the Ravine Strategy (2020.EX17.1).
- Project advances critical building repairs, retrofits and upgrades in City buildings including in long-term care homes and shelters (2020.EX17.1).

Large-scale intergovernmental infrastructure funding programs are typically multi-year programs with sufficient lead time for projects to advance from design to construction completion. In contrast, the COVID-19 stream requires that contracts be awarded and construction completed in less than one year from date of federal approval. With this condensed timeframe, when identifying the projects in Attachment 1 and 2, City staff

⁴ <https://www.ontario.ca/page/available-funding-opportunities-ontario-government#section-8>

have also considered project readiness, capacity to deliver, availability of materials, and access to sites/locations, including during potential future phases of COVID-19.

COVID-19 has resulted in disproportionate impacts on racialized and equity-seeking communities, and further deepened the inequalities that are already experienced by residents, neighbourhoods and communities across our City. These recommended projects provide an opportunity to focus on the critical needs of residents, advance health and safety efforts including enabling residents to enjoy outdoor recreation opportunities, and create numerous jobs as we tackle both resurgences of the virus and lay the foundation for a strong recovery together.

Next Steps

Subject to City Council approval of this report, the City Manager will submit the projects in Attachment 1 for funding under the Local Government Sub-Stream, and in Attachment 2 for the Long-Term Care Sector Sub-Stream. City staff continue to identify additional intergovernmental funding opportunities to leverage funds for City Council approved priority projects.

CONTACT

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SIGNATURE

Chris Murray
City Manager

ATTACHMENTS

Attachment 1 – List of Toronto COVID-19 Resilience Infrastructure – Local Government Sub-Stream Projects

Attachment 2 – List of Toronto COVID-19 Resilience Infrastructure – Long-Term Care Sector Sub-Stream Projects