

Investing in Canada Infrastructure Program – Community, Culture and Recreation Infrastructure Stream

Date: October 17, 2019
To: Executive Committee
From: City Manager
Wards: All

SUMMARY

On September 3, 2019, the Province of Ontario launched an intake for the federal Investing in Canada Infrastructure Program (ICIP) – Community, Culture and Recreation (CCR) funding stream. The ICIP-CCR stream supports projects that improve access to and/or quality of community, cultural, and recreation priority infrastructure projects. The federal government will contribute up to 40% of eligible project costs for municipal projects and requires the Province to provide no less than 33.33% matching contribution with municipalities funding the remainder (26.67%) or identifying alternative sources to cover the municipal portion. The Province, as a cost-sharing partner and administrator of the federal funding program, will be prioritizing and nominating to the federal government projects that are community-oriented, non-commercial and open to the public. Applications are due by November 12, 2019. Projects must be substantially completed by March 31, 2027.

The ICIP-CCR intake process is a merit-based, competitive application process with no set municipal allocation. As such, it is in the City's interest to submit multiple eligible project applications to ensure the best chance at success. To date, the Province has committed to only one intake for the ICIP-CCR stream due to anticipated high demand for funding under the program. However, the Province has noted that this does not exclude the potential for a second intake in the future.

This report recommends City Council confirm the list of projects to be submitted to the ICIP-CCR program that are currently in the City's 2019-2028 Capital Budget and Plan as outlined in Attachment 1. The report also recommends City Council confirm the list of projects to be submitted to the ICIP-CCR program that are not currently in the City's 2019-2028 Capital Budget and Plan as outlined in Attachment 2. Should projects in Attachment 2 be successful for funding under the ICIP-CCR program, City staff will seek Council approval for the reallocation of matching municipal funds through the City's budget process.

RECOMMENDATIONS

The City Manager recommends that:

1. City Council authorize the City Manager to apply for funding under the Investing in Canada Infrastructure Program - Community, Culture and Recreation Infrastructure Stream (ICIP-CCR) for the projects currently in the City's 2019-2028 Capital Budget and Plan that are set out in Attachment 1 to this report.

2. City Council authorize the City Manager to apply for funding under the ICIP-CCR for the projects not currently in the City's 2019-2028 Capital Budget and Plan that are set out in Attachment 2 to this report, with budget reallocation of matching municipal funds with zero debt impact subject to further approvals from City Council.

3. City Council authorize the City Manager, in consultation with the Chief Financial Officer and Treasurer, to apply for funding under any additional rounds of intake for the ICIP-CCR for projects that meet mandatory federal and provincial eligibility criteria and that best meet the following criteria:
 - a. The project aligns with Ontario's Community, Culture and Recreation Infrastructure Stream assessment objectives;
 - b. City Council has endorsed the project through a City strategy, plan or decision;
 - c. The project is within the City's 2019-2028 Capital Budget and Plan as approved by Council;
 - d. The project is in a state of readiness with adequate level of design to proceed to construction;
 - e. A site has been secured for the project; and
 - f. The project is located within a Toronto Neighbourhood Improvement Area.

4. City Council grant approval to receive the funds, if any, from the ICIP-CCR for all City projects approved for ICIP-CCR funding.

5. 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 ICIP-CCR 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.

FINANCIAL IMPACT

This report recommends that the City of Toronto apply for capital funding for projects under the Community, Culture and Recreation Stream (CCR) of the Investing in Canada Infrastructure Program (ICIP) that meet mandatory federal and provincial eligibility requirements. Funding from the ICIP-CCR program will support community infrastructure priorities and improve access to and/or quality of community, cultural and

recreation priority infrastructure projects. Funds must be substantially spent by March 31, 2027.

City Divisions, Agencies and Corporations have identified a list of eligible projects for application. The capital projects the City will be submitting for application include those that are part of the 2019-2028 Council Approved Capital Budget and Plan (Attachment 1) and those that are currently not identified in the 2019-2028 Council Approved Capital Budget Plan with no budgeted funding (Attachment 2).

Table 1 – Financial Summary for the ICIP-CCR Program

\$ millions	Number of Project Submissions	Total Project Cost	City Contribution (26.67%)	Provincial Contribution (33.33%)	Federal Contribution (40.00%)
Capital Projects Within the 2019-2028 Council Approved Capital Budget & Plan (Attachment 1)	81	\$1,223.0	\$326.2	\$407.6	\$489.2
Capital Projects Not Within the 2019-2028 Council Approved Capital Budget & Plan (Attachment 2)	21	\$308.5	\$82.3	\$102.8	\$123.4
Total:	102	\$1,531.5	\$408.5	\$510.4	\$612.6

As outlined in Table 1 above, there is a total of 81 projects in the 2019-2028 Council Approved Capital Budget and Plan that will be submitted for funding through ICIP-CCR program, totalling \$1,223.0 million. Should the project application be successful for ICIP-CCR funding, the City would be required to fund 26.67% of capital project costs, amounting to a total of \$326.2 million. Upon receipt of funds, appropriate budget adjustments will be made through future year budget processes for City Council approval. Funding sources currently allocated to selected capital projects may be able to be reallocated to relieve other capital funding pressures.

There is a total of 21 projects currently not identified in the 2019-2028 Council Approved Capital Budget and Plan with no budgeted funding at this time, totalling \$308.5 million. Similarly, the City would be required to fund \$82.3 million (26.67% of project costs) should the application for these projects be successful for ICIP-CCR funding. City Divisions, Agencies and Corporations will need to reallocate funding sources from other approved capital projects within their respective Council Approved 10-Year Capital Plan to accommodate the municipal share with zero debt impact. Reallocation will be considered based on capacity to spend; readiness to proceed; and prioritization of capital projects. Upon the results of the application, City Divisions, Agencies and

Corporations will seek City Council approval for reallocation through future year budget processes.

The Chief Financial Officer and Treasurer has been updated about the financial impacts associated with the capital funding for projects under the ICIP-CCR funding program for consideration relative to other City-financed priorities and needs as part of the future year budget processes.

DECISION HISTORY

On December 13, 2016, City Council City confirmed its key priorities for the Government of Canada's Phase 2 infrastructure plan as outlined in Attachment 3 to the report EX20.4 – Federal Infrastructure Funding – Phase 1 and 2.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX20.4>

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 (PTs) as part of the Investing in Canada Infrastructure Plan (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 states that it intends to create long-term economic growth, support a low carbon, green economy and build inclusive communities. On March 14 2018, Province of Ontario and the Government of Canada signed the Canada-Ontario IBA for the Investing in Canada Infrastructure Program (<http://www.infrastructure.gc.ca/alt-format/pdf/agreements-ententes/2018/2018-ON-Bilateral-Agreement-EN.pdf>). The agreement outlines terms and conditions for federal investments in Ontario, and includes a required minimum 33.33% matching contribution from provincial governments for municipal projects. The federal government will contribute up to 40% of eligible project costs for municipal projects, with municipalities funding the remainder (26.67%).

Under the IBA, the Province is responsible for prioritizing and nominating projects to the federal government 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. The Province of Ontario may be an Ultimate Recipient and use funding for its

own projects, or can enter into Ultimate Recipient Agreements (e.g. with the City) to disburse funding.

Community, Culture and Recreation Infrastructure - Overview

On September 3, 2019, the Province of Ontario launched an intake for the Investing in Canada Infrastructure Program (ICIP) – Community, Culture and Recreation (CCR) infrastructure stream (<https://news.ontario.ca/moi/en/2019/09/ontario-investing-in-community-culture-and-recreational-projects.html>). Roughly \$407 million in federal funding, and \$320 million in provincial funding over 10 years is available under the ICIP-CCR stream across Ontario. The ICIP-CCR stream supports projects that improve access to and/or quality of community, cultural, and recreation infrastructure projects. Priority is given to projects that are community-oriented, non-commercial and open to the public.

The ICIP-CCR intake process is a merit-based, competitive application process where projects are evaluated against provincial and federal criteria and objectives. While general program objectives are available, the Province has not shared specific evaluation criteria. There is no set municipal allocation for this funding stream. As such, it is in the City's interest to submit multiple eligible project applications to ensure the best chance at success taking into consideration individual divisional capacity to put together strong applications. Applications are due by November 12, 2019.

Municipalities are eligible to apply for funding under the ICIP-CCR along with First Nations, other Indigenous communities/organizations, not-for-profit organizations and broader public sector organizations such as school boards, hospitals, colleges and universities.

The Province will notify applicants in summer 2020 of results. Projects must be substantially completed by March 31, 2027. In addition to City-led applications, the City's Agencies and Corporations may also submit applications for funding as long as the asset owner (i.e. City of Toronto) provides endorsement of the project and a letter of support and the applicant is an eligible applicant as identified under the program.

ICIP-CCR Stream Objectives and Outcomes

The stated objective of the CCR funding stream is to build stronger communities. The Province is focusing on community infrastructure projects, which is defined as publicly accessible, multi-purpose spaces that bring together a variety of services, programs and/or social and cultural activities to reflect local community needs. Joint projects between multiple eligible applicants, particularly those that service multiple communities, are encouraged and will be given additional consideration as part of the assessment process. In addition to mandatory eligibility requirements, the Province will also be evaluating project applications based on the following objectives:

- Meets community and user needs or service gap;
- Promotes good asset management planning;
- Represents good value for money; and
- Fosters greater accessibility.

Eligible Projects – Two Sub-Streams:

Under the Province's CCR intake, there are two sub-streams of funding:

1. **Multi-purpose:** new build/construction projects, larger scale renovation, expansion of existing facilities focusing on integrated service delivery. Total eligible project costs capped at \$50M.
2. **Rehabilitation and Renovation:** small-scale improvements, small new build/construction projects to improve condition of existing facilities. Total eligible project costs capped at \$5M.

Eligible Asset Types:

- Recreation facilities (e.g., hockey arenas, multipurpose recreation centres, playing fields).
- Cultural facilities (e.g., theatres, libraries, museums, cultural centres, civic squares, performing arts centres).
- Community centres / hubs (e.g., multi-purpose spaces that bring together a variety of different services, community centres including recreation facilities).
- Education and health facilities advancing Truth and Reconciliation Commission Calls to Action.

Assets not eligible for funding include the following:

- Has a private sector, for-profit Ultimate Recipient;
- Is a stand-alone daycare facility, for-profit daycare facility, daycare facility associated with a school board, or a daycare facility funded under Canada's Early Learning and Child Care initiative;
- Is a religious site that serves as a place of assembly for religious purposes, which includes among others, a site, church, mosque, synagogue, temple, chapel (e.g., within a convent or seminary), shrine or meeting house; or
- Is a professional or semi-professional sport facility that is primarily a commercial operation, such as those that serve major junior hockey leagues; and
- Development of new housing or state of good repair work for existing housing.

Additional details about the CCR intake including eligible expenditures can be found: <http://www.grants.gov.on.ca/GrantsPortal/en/OntarioGrants/GrantOpportunities/PRDR019953>

City Application Process

The City Manager's Office is coordinating the application process for the ICIP-CCR intake in collaboration with City Divisions. City staff also engaged City Agencies and Corporations that may have potential eligible projects. The projects identified in Attachments 1 and 2 have been identified as having the best probability of success as they meet mandatory provincial and federal eligibility criteria for the CCR stream, including completion timelines, and best meet the following criteria:

- The project aligns with Ontario's Community, Culture and Recreation Infrastructure Stream objectives;
- 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;
- The project is in a state of readiness with adequate level of design to proceed to construction;
- A site has been secured for the project; and
- The project is located within a Toronto Neighbourhood Improvement Area (NIA).

Attachment 1 includes projects currently within the City's 2019-2028 Council Approved Capital Budget and Plan whereas Attachment 2 includes projects that are not currently within the City's 2019-2028 Council Approved Capital Budget and Plan. Should projects in Attachment 2 be successful for funding under the ICIP-CCR program, City staff will seek Council approval for reallocation of matching municipal funds through the City's budget process to offset the City's contribution. Impact on the overall approved debt levels for City Divisions, Agencies, and Corporations will remain neutral.

CONTACT

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SIGNATURE

Chris Murray
City Manager

ATTACHMENTS

Attachment 1 – Community, Culture and Recreation Stream Project Applications – Within the City's 2019-2028 Capital Budget and Plan

Attachment 2 – Community, Culture and Recreation Stream Project Applications – Not Within the City's 2019-2028 Capital Budget and Plan