

For Information

DATE: October 26, 2012

REPORT TITLE: **INFRASTRUCTURE STIMULUS CLOSEOUT REPORT**FROM: Norma Trim, Chief Financial Officer and Commissioner of Corporate Services
Janet Menard, Commissioner of Human Services**OBJECTIVE**

To provide a status update and closeout position on the Infrastructure Stimulus Fund (ISF) Program and the Social Housing Renovation and Retrofit Program (SHRRP) and Renewal Energy Initiative (REI) Stimulus related programs at the Region of Peel.

REPORT HIGHLIGHTS

- All Regional approved ISF projects are completed and none are at risk of not receiving their eligible grant funding.
- All Holdback Claims, Final Reporting and Solemn Declarations of Substantial Completion were submitted within the deadlines.
- As at September 30, 2012 the total expenditure on the ISF program was \$169.5 million or 98 per cent of the \$172.1 million Forecasted Actual program budget.
- As at the end of September 30, 2012, Peel received \$89.7 million in ISF grant funding from Ontario Ministry of Agriculture Food and Rural Affairs (OMAFRA) or 91 per cent of ISF funds allocated to Peel.
- Almost all SHRRP year-2 projects are completed.
- As of September 30, 2012, Peel requested and received \$31 million or 99.9 per cent of SHRRP approved funding.
- As of September 30, 2012 Peel had requested and received 94.2 per cent of the \$4.1 million allocated to REI projects.
- The Region benefitted significantly by participating in the Federal and Provincial Stimulus programs which added new and replaced aging infrastructure.

DISCUSSION**1. Background****ISF Program**

On January 27, 2009, the Honorable Jim Flaherty, Federal Minister of Finance presented the Government's Budget for the 2009/10 fiscal year which announced a \$4 billion Federal Infrastructure Stimulus Fund (ISF), for which applications were due by May 1, 2009. The Region submitted applications for 27 projects. On June 5, 2009 it was announced that the Region of Peel was awarded \$98.6 million for 26 of the 27 ISF applications consisting of \$49.3 million in Federal ISF funding and \$49.3 million in Provincial ISF funding. A number of

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revisions to the ISF program were implemented during the life of the program as summarized below and a full list of the ISF projects is presented in Appendix I (as attached).

a) ISF Recycling of Funds

On September 23, 2010, the Federal government announced changes to the ISF program guidelines with an option to recycle ISF funds by making additional applications for new ISF projects. The Federal and Provincial contribution for the new projects must be fully funded by savings that have been or will be realized in implementing previously approved ISF projects hence the term 'recycled'. New projects are subject to the same criteria as the original ISF projects.

Regional staff identified savings and four new optional projects valued at \$4.29 million. The Chief Financial Officer (CFO) subsequently sought Council's authority to submit applications for these projects on October 18, 2010 and on November 19, 2010 the Region received approval from both the Federal and Provincial governments for all four applications. This increased the Regional ISF Program to 30 projects.

b) Extension of ISF Completion Deadline

On December 2, 2010 the Federal government announced changes to the ISF program guidelines which gave municipalities an option to extend their ISF projects' completion date from March 31, 2011 to October 31, 2011. The Federal government announced that this one-time extension is expected to allow sufficient time for virtually all the remaining projects to be completed at no additional cost to the Federal government.

On December 21, 2010 the Region of Peel received the respective guidelines and documentation required to submit the necessary applications. Regional staff immediately identified projects that were at risk of completion within the original March 31, 2011 deadline and other projects that would benefit from this extension. Council approval was obtained on January 13, 2011 and eight applications for the extension of completion dates were submitted by the January 17, 2011 deadline.

The Region of Peel received approval for the extension request on February 25, 2011 followed by an 'ISF Amending Agreement' which was authorized and returned to the Ontario Ministry of Agriculture Food and Rural Affairs (OMAFRA) on April 1, 2011.

This extension of completion dates by the Federal government provided the opportunity for construction works to be completed to the Region's satisfaction especially for activities not permitted during the winter season.

Social Housing Renovation and Retrofit Program (SHRRP) and Renewal Energy Initiative (REI)

a) Social Housing Renovation and Retrofit Program (SHRRP)

On March 20, 2009, the Province announced an investment of \$622 million to match funding announced in the Federal government's 2009 budget for social housing, increasing the total investment for affordable housing in Ontario to \$1.2 billion. Of this amount, \$704 million was allocated to social housing renovation and retrofit projects. Under the SHRRP agreement conditions, Social Housing Providers who received funds must remain affordable for the next 10 years.

Each project was required to meet priorities including health and safety; enhanced energy efficiency; reduced operating costs; and/or enhanced accessibility.

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On May 8, 2009, the Region of Peel submitted a list of construction ready projects to the Ministry of Municipal and Housing (MMAH) equaling \$50.7 million (for both years). On June 16, 2009, the Ministry announced that the Region of Peel was allocated \$30.2 million (\$13.5 million for Year-1 and \$16.7 million for Year-2). Later, the Region of Peel's initial allocation of \$30.2 million was increased to \$31 million as the Ministry provided additional funds totaling \$858,025.

b) Renewable Energy Initiative (REI)

The Renewable Energy Initiative (REI) is the subset of the SHRRP program with \$70.3 million announced on March 5, 2010 to fund projects that support a green economy in Ontario. Under REI the following green technologies were approved to be eligible for program funding:

- Solar Photovoltaic PV -(Roof top system only);
- Solar Water Heating ST- (to pre-heat the domestic hot water);
- Solar Air Heating;
- Geo-thermal; and
- Micro-sized Wind Technology.

The Region of Peel submitted a request to MMAH on June 30, 2010, for a total of \$11.9 million for REI funding for 24 projects. On August 11, 2010 the MMAH advised the Region of Peel it had received conditional approval for \$4.2 million for 10 projects (five for Peel Living and five for other social housing providers).

One of the Social Housing Providers that was originally approved subsequently decided to withdraw from the REI program. The Region, upon advice from MMAH, redirected the funds among three social housing providers included in the original submission. Appendix II (as attached) provides a list of all approved projects under the REI program.

2. Findings**Programs' Status****a) Infrastructure Stimulus Fund**

The 26 original projects and four new recycled ISF projects were all completed on or before the October 31, 2011 deadline. Also, all Holdback Claims, Final Reporting and Solemn Declarations of Substantial Completion were submitted within their respective deadlines. The Region of Peel continues to be in contact with OMAFRA as Statutory Maintenance and Warranty Holdbacks are processed. It is anticipated that these should be completed within the next 12 months.

The following provides a summary of the program status and further details as presented in Appendix I.

- i) Project Expenditure and Budget** - As at September 30, 2012 the total expenditure on the ISF program was \$169.5 million or 98 per cent of the \$172 million latest forecast. While there have been downward revisions to most project budgets, some projects had out of scope works added and these amounts were approved during the 2012 Capital Budget approval process. These additions were not funded through ISF. Total project spending is reflected in Appendix I. These additions were for works which would need to have been done at a future time but could be more effectively done at the time of delivering the ISF projects.

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- ii) **Grant Receipts** – As at September 30, 2012, Peel received \$89.7 million in grant funding from OMAFRA. This represented 91 per cent of the \$98.8 final grant allocated to the Region of Peel. The total Peel is expecting at the end of the ISF program is \$93.3 million (\$89.7m received + \$3.6m outstanding). It should be noted that \$1.8 million of the \$3.6 million outstanding represents contractor claims for Port Credit Trunk Sewer project that the Region of Peel is currently disputing.
- iii) **Statutory Maintenance and Holdback Warranties** - The program approval conditions required that all claims for Statutory Maintenances and Holdback Warranties are submitted by March 31, 2011. The Region of Peel complied with this requirement and estimated the amounts that would be applicable to future payments up to October 31, 2011. The total amount of Holdbacks released to the Region of Peel as at August 31, 2012 was \$8.4 million. An estimated \$1.8 million remains outstanding and will be paid after the Region of Peel provides evidence of releasing the Warranties and Holdbacks to contractors.

b) Social Housing Renovation and Retrofit Program and Renewal Energy Initiative

The details provided below are also summarized in Appendix II.

i) Social Housing Renovation and Retrofit Program (SHRRP)

All SHRRP Year-1 approved projects have been completed within the program guidelines. The Region of Peel had received entire approved funds from MMAH and released to Social Housing Providers against their eligible projects expenditures.

In SHRRP Year-2, almost all projects are finished and as of August 31, 2012, the Region of Peel has requested and received a total of \$13.8 million (99.8 per cent) of approved funds from MMAH. These funds were released to Social Housing Providers as they submitted eligible progress invoices.

ii) Renewable Energy Initiative (REI)

On March 12, 2010 Ontario Power Authority (OPA) released the approved vendor list and as per REI program requirements, all Social Housing providers selected their vendor from the OPA approved list for their REI projects. The Region closely tracked the projects progress and as projects reached the specified milestone, payment/installment requests were sent to MMAH.

The eight Solar Thermal projects and six MicroFIT (up to 10kWh) projects in the Region REI program are completed and the Region has released the funds to housing providers as they submit project progress invoices.

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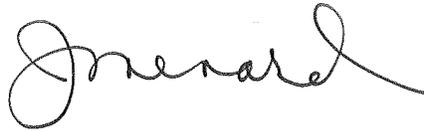
CONCLUSION

The ISF, SHRRP and REI programs offered an opportunity for significant investment, job retention and job creation to occur in Peel while at the same time allowing for the development of new or retrofit of existing public infrastructure. These investments will contribute to improving the quality of life of Peel residents and a reduction in the operating cost of Regional infrastructure.

In total, the Region of Peel will have received in excess of \$124 million in grant funding secured through ISF, SHRRP and REI Stimulus programs, when these programs are fully completed. Thus, the Region benefitted significantly by participating in these programs given the prevailing economic conditions at the time of program introduction and ongoing infrastructural needs.



Norma Trim
Chief Financial Officer
and Commissioner of Corporate Services



Janet Menard
Commissioner of Human Services

Approved for Submission:



D. Szwarc, Chief Administrative Officer

For further information regarding this report, please contact Dave Bingham at extension 4292 or via email at dave.bingham@peelregion.ca

Authored By: Owen Verwey

c. Legislative Services

MA-A2-6

APPENDIX I

Peel Infrastructure Stimulus Fund (ISF) - Status Summary
30-Sep-12

	Total Budget (Original)	Budget as of July 2011	Forecasted Actual	Maximum Grant Available (Provincial & Federal)	Payments Received from OMAFRA (as of Aug 31, 2012)	% of Grant Received	Total Gross Expenditure (as of Sept-30, 2012)	Statutory, Maintenance/Warranty Holdback Outstanding
	\$	\$	\$	\$	\$		\$	\$
Water	36,786,050	46,247,283	46,551,099	24,524,032	24,524,032	100%	46,551,099	-
Water	25,129,762	25,129,762	24,916,659	16,753,174	14,817,818	88%	24,916,659	(682,210)
Water	4,184,590	5,310,000	4,563,100	2,789,726	2,789,726	100%	4,563,100	-
Water	5,151,300	5,151,300	4,426,514	3,434,200	2,441,527	71%	4,426,514	(78,263)
Water	1,500,000	1,500,000	1,323,897	1,000,000	834,384	83%	1,323,897	-
Water	1,000,000	644,720	644,720	429,812	423,977	99%	644,720	-
Water	1,200,000	1,200,000	1,181,344	800,000	783,395	98%	1,181,344	-
Water	1,500,000	1,500,000	1,443,002	1,000,000	959,913	96%	1,443,002	-
Water	7,487,000	8,142,000	7,908,063	4,978,000	4,335,264	87%	7,908,063	(187,084)
Water	3,271,000	3,271,000	3,266,909	2,180,666	2,084,256	95%	3,266,909	(16,258)
Water	-	1,170,000	1,166,421	733,332	659,999	90%	1,166,421	(9,926)
Water	-	2,070,000	1,997,729	1,466,666	1,332,394	91%	1,997,729	-
Total	87,189,702	101,336,065	99,389,457	60,089,608	55,966,685	93%	99,389,457	(973,741)
Wastewater	4,738,249	7,000,000	6,695,513	3,158,833	3,158,833	100%	6,695,513	-
Wastewater	4,485,775	8,000,000	7,263,821	2,990,517	2,990,517	100%	7,263,821	-
Wastewater	8,832,800	8,000,000	8,000,000	5,333,334	3,390,518	64%	6,486,781	(1,944,015)
Wastewater	550,000	2,000,000	1,676,667	366,667	366,667	100%	1,676,667	-
Wastewater	1,500,000	1,400,000	890,997	1,000,000	759,882	76%	890,997	-
Total	20,106,824	26,400,000	24,526,998	12,849,351	10,666,417	83%	23,013,779	(1,944,015)
Roads	3,327,000	3,295,469	3,167,462	2,104,048	1,927,644	92%	3,167,462	(30,000)
Roads	6,723,000	4,923,000	4,377,402	4,106,472	2,721,679	66%	4,377,402	-
Roads	3,031,000	1,018,189	1,000,408	684,698	601,682	91%	1,000,408	-
Roads	1,204,580	1,204,580	1,202,664	803,054	738,696	92%	1,202,664	(7,525)
Roads	429,390	396,032	385,822	252,845	223,986	89%	385,822	-
Roads	900,000	895,061	868,290	578,860	569,182	98%	868,290	-
Roads	3,900,000	3,900,000	3,903,148	2,600,000	2,321,333	89%	3,903,148	-
Roads	-	250,000	227,837	166,666	154,245	93%	227,837	-
Roads	-	740,000	850,611	493,333	493,333	100%	850,611	-
Total	19,514,970	16,622,331	15,983,644	11,769,976	9,751,779	83%	15,983,644	(37,525)
EBS	10,000,000	16,353,067	16,353,067	6,666,667	6,000,000	90%	15,746,834	(666,667)
Paramedics	900,000	900,000	779,842	533,332	444,736	83%	779,842	-
Police	10,000,000	13,500,000	13,500,000	6,000,000	6,000,000	100%	12,948,240	-
Ops Support	1,596,000	1,596,000	1,596,000	851,200	851,200	100%	1,595,531	-
Sub-total:	149,307,496	176,707,463	172,129,009	98,760,134	89,680,818	91%	169,457,328	(3,621,948)

Note: - * - Subject to current dispute with contractor for additional Payments of \$1.8 million (shown in the holdback and warranty total)

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APPENDIX II

Peel - Renewal Energy Initiative Program (REI)

Project Name	Renewable Energy Technology		Approved Amount	Project Status
Erin Court Co-op	PV (MicroFIT)	ST	\$213,427.00	100%
Las Americas Co-op	PV (MicroFIT)	ST	\$246,223.00	100%
Tatry Non-Profit housing	PV (FIT)		\$220,350.00	100%
Pathways - Forest Ridge	PV (FIT)		\$185,000.00	30%
Pathways - Arbour Mill	PV (MicroFIT)		\$85,000.00	100%
Forum Italia Non-Profit Housing	PV (FIT)	ST	\$767,500.00	100%
Lam Nova Co-Operative		ST	\$541,710.00	100%
Total of Social Housing Provider (Non-Peel Living)			\$2,259,210.00	
Wedgwood Court (PL)		ST	\$650,000.00	90%
Ridgewood Court (PL)	PV (MicroFIT)	ST	\$400,000.00	100%
Erindale Terrace (PL)	PV (FIT)		\$350,000.00	90%
Hillside Place (PL)	PV (MicroFIT)	ST	\$300,000.00	100%
Derrybrae Place (PL)	PV (MicroFIT)	ST	\$200,000.00	100%
Total of Peel Living			\$1,900,000.00	
Grand total			\$4,159,210.00	

Legend:

PV - Solar Photovoltaic (Solar Energy) / (**FIT** over 10kWh or **MicroFIT** under 10kWh)
ST - Solar Thermal (Solar Water Heating)

SHRRP & REI Funds Allocation

Social Housing Providers	SHRRP Year 1	SHRRP Year 2	REI	Total
Community Based Housing Provider	\$12,695,305	\$2,045,731	\$2,259,210	\$17,000,246
Peel Living	\$4,495,188	\$11,793,951	\$1,900,000	\$18,189,139
Total	\$17,190,493	\$13,839,682	\$4,159,210	\$35,189,385

Funds Released (\$)	\$17,190,493	\$13,839,682	\$3,600,228	\$34,440,222
Funds Released (%)	100%	99.5%	87%	98%