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**REPORT TITLE:** **COVID-19 Infrastructure Resiliency Fund**

**FROM:** Stephen Van Ofwegen, Commissioner of Finance and Chief Financial Officer

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#### **RECOMMENDATION**

**That the projects listed in Appendix I to the report of the Commissioner of Finance and Chief Financial Officer, titled “COVID-19 Infrastructure Resiliency Fund,” be approved;**

**And further, that Appendix I of the subject report be submitted to the provincial government as part of Peel’s Investing in Canadian Infrastructure Program, COVID-19 Infrastructure Resiliency Stream – Local Government In-take application;**

**And further, that upon completion of successful negotiations with the eligible parties, the Commissioner of Finance and Chief Financial Officer be authorized to execute any agreements and ancillary documents required for the delivery of the COVID-19 Infrastructure Resiliency Stream funding on business terms satisfactory to the Commissioner of Finance and Chief Financial Officer and on legal terms satisfactory to the Regional Solicitor;**

**And further, that a copy of this resolution be sent to the Ministry of Infrastructure along with the Region of Peel’s project application(s).**

#### **REPORT HIGHLIGHTS**

- The Region of Peel (Region) has been allocated \$18,705,389 in funding under the COVID-19 Infrastructure Resiliency Stream – Local Government In-take.
  - The COVID-19 Resilience Infrastructure stream is intended to deliver infrastructure projects addressing the current health crisis and support economic stability.
  - The Region is limited to a total of 5 projects for submission that must be completed by December 31, 2021.
  - Projects from external non-profit organizations such as the Credit Valley Conservation Authority and Peel Housing Corporation are eligible through Council’s approval.
  - The maximum eligible cost for an individual project is \$10 million.
  - As projects cannot be awarded prior to federal project approval, expected in Spring 2021, there will be a maximum nine-month window to complete the project.
  - Regional staff have identified 5 projects for Council’s consideration that meet the criteria, have the highest probability for being completed by December 31, 2021 and that maximize the return on impact to Peel’s community.
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## **COVID-19 Infrastructure Resiliency Fund**

### **DISCUSSION**

#### **1. Background**

On November 16, 2020, the Provincial Government, in partnership with the Federal Government, opened the application process for the COVID-19 Infrastructure Resiliency Stream – Local Government In-take. The new stream is part of the Investing in Canadian Infrastructure Program (ICIP).

The COVID-19 Resilience Infrastructure stream is meant to deliver more infrastructure projects during the pandemic by increasing the types of projects eligible for ICIP funding and accelerating project approvals and timelines. The expanded program aims to address the current health crisis and support economic stability.

The Local Government In-take makes \$250 million available for municipalities across Ontario to address critical local infrastructure needs. The stream also has separate in-takes for education (\$700 million) and Long-Term Care (\$100 million), which make up the total \$1.05 billion announcement. The projects Peel submits through the Long-Term Care stream can not also be submitted through the municipal stream, as stacked funding is not allowed.

The Region has been allocated \$18,705,389 in funding through the Local Government In-take. The number of projects that the Region may apply for this allocated funding with is subject to a five-project cap. Project funding will follow an 80/20 cost-share between the federal and provincial governments. There is no municipal cost share requirement.

The COVID-19 Infrastructure Resiliency Stream is a reallocation of funding that would have otherwise been made available to municipalities through the ICIP Green Stream. It does not represent additional infrastructure funding on the part of the federal or provincial government.

The deadline for the Region's application(s) is 4:59pm on January 7, 2021. The Region will be notified of final approval of its projects in spring 2021.

#### **2. Eligibility Criteria**

The Region may submit projects under the following four provincial in-take categories:

- Retrofits, Repairs and Upgrades;
- COVID-19 Response Infrastructure;
- Active Transit Infrastructure; and,
- Disaster Mitigation and Adaptation.

Costs may include: third party costs such as project management, capital costs, construction and materials, design/engineering and planning, and contingency costs (25 per cent maximum).

In order to receive final approval, submitted projects must meet federal and provincial eligibility criteria. Among the project eligibility criteria listed in the Program Guidelines, are the following.

## **COVID-19 Infrastructure Resiliency Fund**

Projects must:

- have a construction start date on or before September 30, 2021 and be completed by December 31, 2021.
- receive federal project approval before awarding any contracts;
- maximum eligible project costs of \$10 million;
- have a financial plan in place to operate the assets;
- a value-for-money procurement approach;
- ownership of the capital components infrastructure assets put forward for funding. If the municipality is partnering with another organization, they must attest that either the lead applicant (municipality) or the partner owns the infrastructure asset. The municipality must be the ultimate recipient, even if they do not own the asset; and
- Meet or exceed applicable energy efficiency and accessibility standards.

Asset Management Planning is exempted from the COVID-19 Resilience Infrastructure Stream.

Municipalities are eligible to partner on joint projects with other municipalities, non-profits and/or broader public sector organizations, subject to Council's approval and discretion.

- Municipal partners may combine their allocations to fund a joint project.
- Non-profit or broader public sector organizations may not apply without a municipality as lead applicant. Such a project would come solely out of the Region's allocation.

### **3. Project Prioritization and Decision-making Criteria**

To identify the list of five projects for submission, Regional staff reviewed capital projects previously approved by Council that had not completed the procurement process yet and capital projects that will be included as part of the 2021 Capital Budget and Ten Year Capital Plan for Council's consideration.

To narrow the list of projects, staff focused on the following:

- Return on Impact – Identify where investment has the greatest long-term impact on service levels.
- Maximizing Use of the Allocation – As a maximum of only five capital projects can be submitted, projects should have a minimum threshold value of \$1 million and have a very high probability of being completed on time.
- Advancing Strategic Outcomes – The investment advances the achievement of one or more outcomes identified in Peel's Strategic Plan.
- Increase Financial Flexibility - As outlined in the Capital Financing Strategy, look at transferring high priority projects funded through capital reserves to the COVID-19 Stream, saving the flexibility of capital reserves for future projects that may not fit external funding criteria.

The final project list is attached as Appendix I to this report.

## **COVID-19 Infrastructure Resiliency Fund**

### **4. Provincial Evaluation Process**

Infrastructure Ontario and the Federal government are responsible for reviewing submitted project lists and determining if they meet the criteria set out in full in the Program Guidelines.

Once eligible projects have been given final approval by the federal government, the Region will be required to pass a municipal by-law to execute the project level contribution agreement with the Province. Applicants are encouraged to submit the municipal council resolution when submitting their applications, if possible.

### **RISK CONSIDERATIONS**

- Any project deemed by the Province as not meeting the criteria would result in lost funding and Regional resources would be required to fund the difference.
- As only five capital projects can be submitted, the project values should be substantial (i.e. greater than \$1 million) to maximize use of the 5-project cap.
- The projects brought forward by external non-profit organizations such as the Credit Valley Conservation Authority and the Peel Housing Corporation, while eligible for funding if approved by Regional Council, would be funded through the Region's allocation and result in fewer projects submitted from Regionally controlled services.
- While projects that receive final approval are to be funded completely by the federal and provincial governments, applicants must pay for all ineligible project costs (all costs incurred after December 31, 2021 are ineligible), as well as any cost over-runs experienced on a project.

### **FINANCIAL IMPLICATIONS**

The total submitted costs of the Region's selected eligible projects amounts to \$18.7 million; \$8 million for utility rate funded programs and \$10.7 million from tax supported programs.

As all the projects identified for submission under the COVID-19 Infrastructure Resiliency Stream – Local Government In-take program would otherwise be funded through the Region of Peel, successful application would result in decreased pressure of \$18.7 million on the net tax levy, utility rate and their related capital reserves.

### **CONCLUSION**

Council's endorsement of the five projects identified by Regional staff for submission to the COVID-19 Infrastructure Resiliency Stream – Local Government In-take will allow the Region to address critical infrastructure needs, further its response to COVID-19 and enhance Peel's economic recovery from the pandemic. Staff will update Council on the results of the application process in the spring of 2021.

## **COVID-19 Infrastructure Resiliency Fund**

### **APPENDICES**

#### Appendix I – COVID-19 Infrastructure Resiliency Stream Project List

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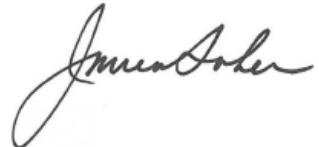
*For further information regarding this report, please contact Norm Lum, Director, Business and Financial Planning, Ext. 3567, Norman.Lum@peelregion.ca or Sherona Hollman, Manager, Financial Policy and Strategic Initiatives, Ext. 3245, Sherona.Hollman@peelregion.ca.*

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***Reviewed and/or approved in workflow by:***

Department Commissioner and Division Director.

Final approval is by the Chief Administrative Officer.



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J. Baker, Chief Administrative Officer