

Supplementary Budget – Briefing Note

2022 Budget

Increase in OCIF Funding

Briefing Note required for:

- items +/- \$50,000 or more
- changes in FTE
- Council Priority requests

Dept	Division	Item	Base Supp	Amount	FTE Impact
IES	PW	Increase in base funding for Ontario Community Infrastructure Fund (OCIF)	B	(\$4,633,282)	
NON	Capital Admin	Increase base funding to the Capital Reserve for shoreline issues	B	\$1,900,000	

Background:

The Province created the Ontario Community Infrastructure Fund to: (1) provide stable funding to help small communities address critical core infrastructure needs in relation to roads, bridges, water and wastewater; (2) further strengthen municipal asset management practices within small communities; and (3) help small communities use a broad range of financial tools to address critical infrastructure challenges and provide long-term financial support for the rehabilitation and repair of core infrastructure for those in most need. Following the funding criteria this funding has been applied to the current high inflation to lifecycle and \$1.9M base funding to the capital reserve to fund future capital infrastructure projects aimed at mitigating shoreline erosion expenditures.

The province distributes funds to Ontario Municipalities to fund eligible capital expenditures. OCIF determines the amounts distributed to the eligible communities based on a funding formula. The eligible expenditure categories include capital, asset management planning, and optimization. It is important to ensure compliance with the funds to ensure not jeopardizing and future funds.

As per the attached announcement from the Ministry of Infrastructure Chatham-Kent's 2022 formula allocation is \$10,000,000. This amount represents an increase of \$4,633,282 from the 2021 funding received.

Comment:

Early estimate of the Talbot Trail diversion and the Rose Beach Line diversion and paving of New Scotland Line indicate that over \$150 Million may be needed over the next 10 years. The recommendation is to take this OCIF opportunity and divert \$1.9M to the base Capital Budget to be able to address some of the municipal costs. Staff will continue to lobby the Province and Federal Governments for direct funding to the Talbot Trail diversion as was formerly a Provincial Hwy#3 downloaded to Chatham-Kent.

Ministry of Infrastructure

Ministère de l'Infrastructure



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December 2021

File #: OCIF FC2-M-0072

Ann-Marie Millson
Manager, Linear Assets
Municipality of Chatham-Kent
315 King Street West, P.O. Box 640
Chatham, Ontario
N7M 5K8

Dear Ann-Marie Millson:

RE: Ontario Community Infrastructure Fund Formula-Based Component Agreement Between Her Majesty the Queen in Right of Ontario THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT effective February 26, 2017 (the "Agreement")

IMPORTANT - This enclosed funding allocation should be kept confidential and should not be shared in any public forums (except for your municipal council) or communicated to the media. The Province will provide information and a date when the funding for all municipalities will be publicly communicated.

Pursuant to section F1.2 of the Agreement, enclosed please find an Allocation Notice which sets out the amount of Funds the municipality named in the subject line of this letter is eligible to receive under the Agreement in the 2022 Funding Year. Subject to the terms and conditions of the Agreement, the Province will provide the Funds in accordance with section F2.1 of the Agreement. Capitalized terms used but not defined in this letter and the Revised Allocation Notice have the meanings ascribed to them in the Agreement.

Staff will be contacting you in the near future on reporting required to meet the conditions of the Agreement in respect of the amount of Funds received in 2021.

Redesign of the Ontario Community Infrastructure Fund (OCIF):

As you may be aware, the Ministry of Infrastructure procured a third-party consultant to review OCIF for potential enhancements. The consultant engaged with the municipal sector, including the Association of Municipalities Ontario, in its development of recommendations that informed the Ministry's redesign of OCIF.

I am pleased to advise you of the following changes to OCIF, which include changes reflected in your 2022 allocation as well as changes that will be reflected in 2023 allocation notices and future years:

2022 OCIF allocations:

- Increase OCIF funding by \$1 billion over the next five years (an additional \$200 million per year);
- Increase the minimum grant amount from \$50,000 to \$100,000; and
- Introduce a funding cap, which sets the funding maximum for any municipality to \$10 million, or 2.5 per cent of the total fund.

The above changes will address communities' needs to renew and rehabilitate their core infrastructure and better support small and medium-sized municipalities.

2023 OCIF allocations:

- Starting with the 2023 allocations, the formula will be calculated using forward-looking Current Replacement Values (CRVs) and CRV estimates to approximate requirements to maintain municipal core infrastructure assets, instead of closing cost balance values from the Financial Information Return.
- A smoothing mechanism will be implemented to limit year-over-year changes in funding to ± 15 percent of the previous year's allocation.

The above changes ensure that funding is targeted to address core infrastructure needs while also providing stability and certainty to recipients.

2024 and onwards:

- The Ministry of Infrastructure will begin working with partners across government to develop and implement a more standardized method of collecting CRVs and other data from asset management plans, and to minimize administrative burden. CRVs will be used to inform future OCIF allocations, and data from asset management plans will be used to gain insights on municipalities' level of asset management investments and the state of good repair across core infrastructure.

Should you have any questions regarding the above, please do not hesitate to contact your Project Analyst, Roger Scott, directly at 226-979-6124 or via email at Roger.Scott@ontario.ca.

Sincerely,

Trevor Fleck
Director, Infrastructure Program Policy Branch

**Ontario Community Infrastructure Fund (OCIF)
Formula-Based Component**

Revised Allocation Notice

Ministry of Infrastructure

THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT

December 2021

Disponible en français

Ontario Community Infrastructure Fund (OCIF)
Formula-Based Component- Revised Allocation Notice

THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT

Formula-Based Funding Allocation

The amount of Funds the municipality named on this Revised Allocation Notice is eligible to receive under the Agreement in the 2022 Funding Year is as follows:

2022 formula allocation	\$10,000,000.00
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Terms and Conditions

The provision of Funds to the Recipient are subject to the terms and conditions of the Agreement.

