

CITY OF HAMILTON

CORPORATE SERVICES
Budgets and Finance

Report to: Chair and Members Corporate Administration Committee	Submitted by: Joseph L. Rinaldo General Manager Finance and Corporate Services
Date: May 2, 2006	Prepared by: Mike Zegarac 2739

SUBJECT: 2006 Provincial Grants Allocations FCS06042 (City Wide)

RECOMMENDATION:

- a) That the one-time Provincial Contribution of \$20 million be utilized for the future development of the North Glanbrook Industrial Business Park in accordance with the 2006 approved budget and be deposited to a new capital reserve -108042 North Glanbrook Industrial Business Park Reserve;
- b) That the one-time Provincial Contribution of \$15 million be utilized for the environmental upgrades to the Wastewater Treatment Plant in accordance with the 2006 Rate Budget and be deposited to the existing Wastewater capital reserve -108005; and
- c) That the one-time Provincial Contribution of \$20,834,975 be utilized for Roads, Bridges and Traffic related projects and be deposited to a new capital reserve-108041 Roads, Bridges and Traffic Capital Reserve.

Joseph L. Rinaldo
General Manager
Finance and Corporate Services

EXECUTIVE SUMMARY:

In the Government of Ontario's 2006/07 budget, the Province formalized the funding of \$35 million in support of the City of Hamilton's Wastewater Treatment Plan-\$15 million, and for the future development of the North Glanbrook Industrial Park-\$20 million, in the form of unconditional grants. In accordance with the 2006 approved Capital Budget, it is

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recommended that these funds be set aside in reserves until required and that interest earned be allocated to the appropriate reserve for the purpose of future requirements with respect to these two projects.

Similarly, the Government of Ontario's 2006/07 budget also identified and delivered on one-time funding to municipalities of Ontario for capital investments relating to municipally controlled roads and bridges as part of its Move Ontario initiative. The City was the recipient of approximately \$20.8 million in one-time unconditional funding and staff recommends that a separate reserve be established for these funds.

BACKGROUND:

On March 23, 2006, the Government of Ontario presented the McGuinty government's third budget. Previous information updates FCS06032a and FCS06032b provided summaries of budget announcements, as well as a summary of community impacts. Specific to the City of Hamilton, the Government of Ontario's 2006/07 budget incorporated the financial arrangements for some previously announced investments, as well as some new funding announcements.

Specifically, through the 2006/07 Provincial budget, the City of Hamilton was the recipient of \$35 million in unconditional grants. Staff reported in FCS06032b, that the Government of Ontario formalized the funding, through the 2006/07 budget, of \$35 million identified as Strategic Infrastructure Investments in Hamilton for wastewater and other municipal projects. This formal commitment, is related to a previous announcement made October 21, 2005, by the City of Hamilton, and the Provincial, and Federal governments related to funding in support of City of Hamilton wastewater treatment plant upgrades, as well as support for the North Glanbrook Industrial Business Park.

The 2006 Approved Capital Budget assumes that the province will contribute the \$20 million in associated funding under project 5160507001 the "North Glanbrook Industrial Business Park". Therefore this recommendation is consistent with approved 2006 budget. Likewise, the 2006 Approved Water and Wastewater Budget under project 5160566501 "Wastewater Investment Needs Strategy" accounts for a total of \$50 million in Provincial and Federal grants relating to the October 21, 2005 partnership announcement.

Similarly, the Government of Ontario announced new one-time capital funding of approximately \$20.835 million for the City of Hamilton from the "Move Ontario" provincial program, to be directed towards roads and bridges.

ANALYSIS/RATIONALE:

N/A

ALTERNATIVES FOR CONSIDERATION:

While the Province did in fact make these payments as unconditional grants in order to flow the funds to the City prior to March 31, 2006, it is very clear from the various

communications received that there is an expectation that the funds will be used for these specific purposes.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

N/A

POLICIES AFFECTING PROPOSAL:

Investment Income Allocation Policy

That actual investment earnings from the City's investment management program be allocated to the Reserves, to the Reserve funds, to the Obligatory Reserves and to the Capital Fund based on month end balances from these sources for a 12 month period.

General Reserve Policies

That the creation of new reserves be reviewed by the GM of Finance & Corporate Services for compliance to the Municipal Act and to the City's Reserve Policies.

RELEVANT CONSULTATION:

Financial Services Division, Corporate Services, Water and Wastewater Division, Public Works, Capital Planning and Implementation, Public Works

CITY STRATEGIC COMMITMENT:

By evaluating the "Triple Bottom Line", (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Evaluate the implications of your recommendations by indicating and completing the sections below. Consider both short-term and long-term implications.

Community Well-Being is enhanced. Yes No

Public services and programs are delivered in an equitable manner, coordinated, efficient, effective and easily accessible to all citizens.

Environmental Well-Being is enhanced. Yes No

Not applicable

Economic Well-Being is enhanced. Yes No

Investment in Hamilton is enhanced and supported.

Does the option you are recommending create value across all three bottom lines?

Yes No

Do the options you are recommending make Hamilton a City of choice for high performance public servants?

Yes No