

Housing-Enabling Water Systems Fund (HEWSF)

Presented To:	City Council
Meeting Date:	November 26, 2024
Type:	Managers' Reports
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Recommended by:	General Manager of Growth and Infrastructure

Report Summary

This report provides a recommendation to enter into a Transfer Payment Agreement with the province for infrastructure funding to fund the Lively-Walden Wastewater Infrastructure Upgrades project through the Province's Housing-Enabling Water Systems Fund (HEWSF).

Resolution

THAT the City of Greater Sudbury approve the Walden Wastewater Infrastructure Upgrades project to proceed as identified in this report with funding to be reallocated from other project delays along with a draw from the Capital Financing Reserve Fund – Wastewater and/or Wastewater Holding Reserve and will be identified in the 2025 Budget Update report;

AND THAT the City of Greater Sudbury authorizes the General Manager of Growth and Infrastructure to execute on behalf of the City of Greater Sudbury a Transfer Payment Agreement with His Majesty the King in right of the Province of Ontario as represented by the Minister of Infrastructure, as outlined in the report entitled "Housing-Enabling Water Systems Fund", from the General Manager of Growth and Infrastructure presented at the City Council meeting on November 26, 2024, and to execute any necessary amendments to the Agreement, reports arising from the Agreement and to sign such other documents and take such steps as may be required to implement and administer the Agreement.

Relationship to the Strategic Plan, Health Impact Assessment and Climate Action Plans

Securing provincial funding to improve wastewater infrastructure in Lively and Walden is in alignment with City's Strategic Plan including "Maximize Value of Relationships with Provincial and Federal Governments to Support Community Infrastructure Goals; "Expand Affordable and Attainable Housing Options" and "Develop and Promote Solutions to Support Existing Housing Choices".

The Housing-Enabling Water Systems Fund would assist in upgrading wastewater infrastructure that will allow additional housing and development in the community within the existing Lively and Walden Settlement Areas which aligns with the CEEP goal of building compact, complete communities.

Financial Implications

This report outlines total project costs of \$70M to upgrade the Lively-Walden Wastewater system, with 50% to be covered by the Housing-Enabling Water System Fund.

Staff are finalizing a Water/Wastewater Long Term Financial Plan which will be presented to Council in Q1 2025. It will identify significant capital requirements for both water and wastewater infrastructure. At the same time work is underway on \$84.6M of wastewater capital work in the current four-year capital plan which covers 2024 – 2027.

Of the 50% City share of the total project costs, \$13.8M has been allocated in the 2024-2028 capital budget. The additional funding required of \$21.2M is presented as an amendment in the 2025 Annual Budget Update Report with funding to be determined. Staff will bring back a report to committee identifying options for funding sources once the Water/Wastewater Long-Term Financial Plan has been presented.

Background

As outlined in the March 26, 2024, report entitled the “Housing-Enabling Water Systems Fund (HEWSF)” to Finance and Administration Committee, the HEWSF fund is a \$200M Provincial Fund that help municipalities engage in water, wastewater and stormwater infrastructure upgrades and expansions to unlock more housing opportunities and spur economic growth. The specific objectives of the Fund are to enable growth and housing opportunities, increase access to potable water and increase treatment/management of wastewater and stormwater.

The City has made an application and successfully obtained funding for the Lively Walden Sanitary Sewer Upgrades Project. Based on the funding formula the City will receive a maximum of 73% or up to a maximum of \$34.975M. Municipalities are required to contribute a minimum of 27% of the eligible project costs, including any amount that exceeds the maximum provincial contribution of \$34.795M.

The Lively-Walden Wastewater System Upgrades is a multi-phase project that requires upgrades to linear infrastructure and wastewater facilities. These upgrades are needed to increase sanitary sewer capacity in Lively/Walden, where development is currently limited due to lack of capacity.

The project phases proposed in the HEWSF application include:

Phase	Construction Schedule	Estimated Cost
2 – Detailed Design and Construction of Anderson LS upgrades and Force main	Detailed Design and Construction 2025-2027 (subject to funding)	\$3M
3 – Detailed Design and Construction of Jacob LS Phase 2 Upgrades	Design Complete 2024, Construction 2025 - 2026	\$5.5M
4 – Linear Collection System Upgrades Downstream of Lively WWTP	Detailed Design 2024-2025, Construction 2025-2026	\$8.4M
5 – Detailed Design and Construction of Walden WWTP Phase 1	Detailed Design 2025-2026, Phased Construction Phase 1 2026-2027 (subject to funding)	\$50M
6 – Decommissioning of Lively WWTP	Construction 2026-2027	\$3M
Total		\$70M

Based on the project estimated cost as shown in the above table and based on the HEWSF funding formula the municipality will receive up to a maximum of \$34.975M of funding to upgrade Lively/Walden Wastewater Infrastructure and the remaining \$34.975M will be covered by the City.

For the City to receive funding, the project should start no later than September 30, 2024, with a project completion date no later than March 31, 2027. The start date can include pre-construction soft costs (i.e., design, planning, engineering, project management, etc.

A Council resolution supporting the application and by-law authorizing the execution of an agreement is required by the Province prior to entering into a Transfer Payment Agreement. The Transfer Payment Agreement will expire on March 31, 2028.

Payments would be made based on achieving 3 milestones:

Milestone 1: 25% of the Maximum Funds upon execution of the Agreement

Milestone 2: Up to 60% of the Maximum Funds upon construction contract award documents and progress report

Milestone 3: Release of final (up to) 15% of the Maximum Funds upon final reporting and compliance audit

Project Impact

Once completed, the project will resolve the capacity issues within the wastewater system and would enable the development of 585 residential units that are in the pre-consultation, site plan and draft approved stages and approximately 3,300 future units on lands designated for residential development within the Lively-Walden Settlement Boundary.

In addition, the upgrades to the Lively- Walden Wastewater System would enable future industrial development in the area such as Fielding Road Strategic Employment Area which forms part of the City's Employment Land Strategy. Additional funding would be required to support the extension of servicing to this area.

This project will also strengthen our relationship with the Atikameksheng Anishnawbek First Nation and allow for partnership as it will provide an opportunity to connect their business park when the opportunity arises since they are already connected to Walden Wastewater Treatment Plant.

Conclusion

Based on the successful approval from the province to fund up to \$35M, staff believe that the provincial funding is a unique opportunity to complete the Lively-Walden Sanitary Sewer Upgrades project that will enable additional housing and development in the community.

Resources Cited

Housing-Enabling Water Systems Fund

<https://www.ontario.ca/page/housing-enabling-water-systems-fund>

Housing Enabling Water Systems Fund Report to Finance and Administration Committee dated March 26, 2024

<https://pub-greatersudbury.escribemeetings.com/FileStream.ashx?DocumentId=52811>