



The Corporation of the Town of Tecumseh

Public Works & Engineering Services

To: Mayor and Members of Council

From: Phil Bartnik, Director Public Works & Engineering Services

Date to Council: March 26, 2024

Report Number: PWES-2024-17

Subject: Housing-Enabling Water Systems Fund
Tecumseh Hamlet Northwest Trunk Water & Wastewater
Infrastructure Project

Recommendations

It is recommended:

That Report PWES-2024-17, “Housing-Enabling Water Systems Fund, Tecumseh Hamlet Northwest Trunk Water & Wastewater Infrastructure Project”, **be received**;

And that Administration **be authorized** to submit an application to the provincial government for funding under the Housing Enabling Water Systems Fund for a future commitment to the Tecumseh Hamlet Trunk Water & Trunk Wastewater project;

And further that the Director Financial Services & Chief Financial Officer and the Director Public Works & Engineering Services **be authorized** to sign any required documents necessary to complete the application and the subsequent documentation for the Housing Enabling Water Systems Fund.

Background

The Housing-Enabling Water Systems Fund (HEWSF) is a competitive application-based funding program for projects that improve and construct core water infrastructure across Ontario that will support new housing. In Ontario’s 2023 Fall Economic Statement (FES), Ontario announced the HESWF, which invests a total of \$200 million

over three years towards the repair, rehabilitation, and expansion of core water, wastewater, and stormwater infrastructure to promote growth and enable new housing development. At the 2024 Rural Ontario Municipal Association Conference, the Honourable Minister Kinga Surma announced that applications will open on January 29, 2024. In late January 2024, Ontario released Program Guidelines for the HEWSF 2024 intake.

For projects to be eligible for the HEWSF, they must meet the following objectives:

- Enable growth and new housing opportunities;
- Increase access to potable water; and
- Increase treatment and/or management of wastewater and stormwater.

Eligible applicants include all municipalities that own water, waste, and stormwater infrastructure and can nominate 1 project provincially funded up to 73%, up to a maximum \$35 million, with the municipality required to fund the remaining 27% of eligible project costs.

Eligible projects must fulfill the following criteria:

- Have not started construction;
- Include a capital component;
- Be in the process of or completed the design and planning phase at the time of application;
- Meet all relevant provincial regulatory requirements;
- Have a clear start and end point; and
- Stand-alone or component of larger project.

The projects must include the rehabilitation/repair, reconstruction or expansion of any of the following eligible asset types:

- Wastewater (i.e., lagoon systems, pump stations, lift stations, linear assets, treatment plants, storage tanks, collection systems, private hook ups)
- Drinking water (i.e., treatment plants, reservoirs, local pipes including the distribution system watermain and the municipal portion of service lines, pump stations)

- Stormwater (i.e., management facilities, linear assets including conveyance piping/ditches/culverts)

If approved, funding will flow to successful recipients through a milestone-based approach. **The deadline for application submission is April 19, 2024.** Funding notifications will be sent in summer 2024, which will allow for approved projects to commence as early as the 2025 construction season.

The HEWSF is intended to complement the Ministry of Municipal Affairs and Housing's Building Faster Fund.

Comments

Recommended Project for Tecumseh

In review of potential projects for the Housing Enabling Water Systems Fund, Administration is recommending Phase 1 and 2 of the 'Tecumseh Hamlet Secondary Planning Area Northwest Water and Wastewater Infrastructure Project' as it was the ideal candidate and had regard to the following:

- i) The eligibility criteria identified for the fund;
- ii) Addressing the Town's Strategic Priorities of Growth and Economic Development and Council-Approved Mandates;
- iii) Prioritization of developing the Tecumseh Hamlet Secondary Plan Area (recommended hybrid scenario within the [May 2022 SCM Presentation](#)); and
- iv) Timing of the works as per [PWES 2024-2028 Capital Works Plan](#) (Phase 1 and 2, Summer 2024 tender and Fall/Winter 2024 and 2025 Construction).

The development in the northwest area of the Tecumseh Hamlet has been supported by Council to facilitate development and growth within Tecumseh. The 'Tecumseh Hamlet Secondary Planning Area Northwest Water and Wastewater Infrastructure Project' will service development along the Banwell Road corridor (north of CP Rail) as well as provide sanitary relief to allow the area along the Manning Road corridor (south of CP Rail) to fully develop.

Please refer to Attachment 1 for the project location map. Phases 1 and 2 of the 'Tecumseh Hamlet Secondary Planning Area Northwest Water and Wastewater Infrastructure Project' are further detailed in the following sections:

A) Phase 1 – Construction of Trunk Water and Wastewater Infrastructure from County Road 22 (CR22) to Intersection Road (\$14.0M)

This section provides the necessary water and wastewater infrastructure for landowners to start subdivision site servicing for Areas 1A & 1B within the Tecumseh Hamlet Secondary Plan (see Attachment 1). It will facilitate the development of 2,181 residential units and unlock 437,000 ft² of commercial floor space.

B) Phase 2 – Construction of Water and Wastewater Infrastructure on Intersection Road (\$2.6M)

This section involves the installation of water and wastewater infrastructure on Intersection Road. This section provides a component of the infrastructure needed to facilitate development in a portion of the Manning Road Secondary Planning Area, as well as the easterly portion of the Tecumseh Hamlet Secondary Planning Area south of the CP Rail adjacent to Manning Road (Area 3 on Attachment 1). Phase 2 enables the development of 786 residential units. The wastewater component is also supported as part of the Town's [Sanitary Sewer Model Recalibration and Update](#), presented to Council at its February 27, 2024 SCM, as it contributes to a reduction in the hydraulic grade line within the existing settlement area. This results in an overall reduction in the risk of basement flooding.

Consultations

Development Services
Financial Services
Dillon Consulting Ltd.

Financial Implications

The estimated total project costs for Phases 1 and 2 for the Tecumseh Hamlet Northwest Trunk Water & Wastewater Infrastructure Project is \$16,571,700. The following financial implications would arise if the Town's application to the Housing-Enabling Water Systems Fund is approved:

Total Project Costs:	\$16,571,700
Provincial Funding (73%):	\$12,097,300
Town of Tecumseh (27%):	\$ 4,474,400

If approved, the project funds would be allocated as depicted in the following tables:

Table 1: Summary of Project Costs

Infrastructure	Tec Hamlet NW W&WW Phase 1	Tec Hamlet NW W&WW Phase 2	Sub-total	HESWF (73%)	Town (27%)
Watermain	\$1,540,100	\$514,200	\$2,054,300	\$1,499,600	\$554,700
Wastewater Sewers	\$12,460,700	\$2,056,700	\$14,517,400	\$10,597,700	\$3,919,700
Totals	\$14,000,800	\$2,570,900	\$16,571,700	\$12,097,300	\$4,474,400

Table 2: Impacts to Reserve Funds

Reserve Fund	Town Costs (27%)	Landowner Recoveries	DC Recoveries	Ultimate Impact to the Reserve Fund
Watermain RF	\$554,700	\$415,827*	\$131,929**	\$6,944
Wastewater Sewers RF	\$3,919,700	\$0	\$3,026,324***	\$893,376
Totals	\$4,474,400	\$415,827	\$3,158,253	\$900,320

*With the watermain size of 300mm, Section E(1)(a) of Appendix E: Local Service Policy from the 2019 Development Charges Background Study and associated By-law, requires the landowner to pay for the watermain from CR22 to Intersection Road.
[1,540,100 x 0.27 = \$415,827]

** From the 2019 Development Charges Background Study and associated By-law: 95% of Watermain W-1 is DC Eligible [(554,700 - 415,827) x 0.95 = \$131,929]

*** From the 2019 Development Charges Background Study and associated By-law: 85% of Wastewater Sewer WW-1 is DC Eligible [12,460,700 x 0.27 x 0.85 = \$2,859,731] and 30% of Wastewater Sewer WW-2 is DC Eligible [2,056,700 x 0.27 x 0.30 = \$166,593]

Link to Strategic Priorities

Applicable	2023-2026 Strategic Priorities
<input checked="" type="checkbox"/>	Sustainable Growth: Achieve prosperity and a livable community through sustainable growth.
<input type="checkbox"/>	Community Health and Inclusion: Integrate community health and inclusion into our places and spaces and everything we do.
<input type="checkbox"/>	Service Experience: Enhance the experience of Team Tecumseh and our citizens through responsive and respectful service.

Communications

Not applicable

Website

Social Media

News Release

Local Newspaper

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

Prepared by:

Joseph Lappalainen, E.I.T.
Project Technician

Reviewed by:

Brian Hillman, MA, MCIP, RPP
Director Development Services

Reviewed by:

Tom Kitsos, CPA, CMA, BComm
Director Financial Services & Chief Financial Officer

Reviewed by:

Phil Bartnik, P.Eng.
Director Public Works & Engineering Services

Recommended by:

Margaret Misek-Evans, MCIP, RPP
Chief Administrative Officer

Attachment Number	Attachment Name
1	Tecumseh Hamlet Northwest Water & Wastewater Infrastructure Project – Phase 1 & 2 Map