



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: September 10, 2024

Report Number: PWES-2024-48

Subject: Housing-Enabling Water Systems Fund (HEWSF)
Tecumseh Hamlet Northwest Trunk Water and Wastewater
Infrastructure Project Contribution Agreement

Recommendations

It is recommended:

That report PWES-2024-48, Housing-Enabling Water Systems Fund (HEWSF) Tecumseh Hamlet Northwest Trunk Water and Wastewater Infrastructure Project, Contribution Agreement, **be received**;

And that the Tecumseh Hamlet Northwest Trunk Water and Wastewater Infrastructure Project **be approved** with funding allocations reflecting a total project budget of \$20,714,625, with a \$4,142,925 increase to the original allocation as follows:

- Watermain Reserve Fund – increase from \$2,054,300 to \$2,567,875
- Wastewater Sewers Reserve Fund – increase from \$14,517,400 to \$18,146,750

And further that a by-law **be prepared** to authorize the Mayor and Clerk to sign the Contribution Agreement for the Tecumseh Hamlet Northwest Trunk Water and Wastewater Infrastructure Project between His Majesty the King in right of Canada, as represented by the Ministry of Infrastructure (“Province”) and The Corporation of the Town of Tecumseh (“Town”), in a form satisfactory to the Town’s Solicitor, financial content satisfactory to the Town’s Chief Financial Officer and technical content satisfactory to the Town’s Engineer.

Background

The Housing-Enabling Water Systems Fund (HEWSF) is a competitive 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.

Eligible infrastructure projects under the HEWSF 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.

Additionally, 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).

Eligible applicants include all municipalities that own water, wastewater, and stormwater infrastructure and can nominate one 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.

At the March 26, 2024 Regular Council Meeting, Council authorized Administration, under report [PWES-2024-17](#), to submit an application for funding under the Housing Enabling Water Systems Fund for a future commitment for the Tecumseh Hamlet Northwest Trunk Water and Wastewater Infrastructure Project (Motion: RCM-73/24). The Town's application was submitted on April 17, 2024.

Comments

The Town received notice, dated July 31, 2024, from the Honourable Kinga Surma, Minister of Infrastructure, congratulating the Town of Tecumseh on receiving funding approval in the amount of **\$15,121,676**, in principle, for the Town's application for the HEWSF.

A contribution agreement must be executed between His Majesty the King in Right of Ontario, as represented by the Minister of Infrastructure and The Corporation of the Town of Tecumseh, regarding the funding received for the Tecumseh Hamlet Northwest Trunk Water and Wastewater Infrastructure Project. As per the HEWSF program guidelines, costs incurred after April 1, 2023, will be eligible for provincial funding in accordance with the conditions of the grant.

A contribution agreement will be prepared by the Ministry and reviewed by Administration and the Town's Solicitor. The contribution agreement will be finalized following evidence that Tecumseh Town Council has approved the execution of the agreement, and that the Town provides evidence that all project funding other than federal contribution has been secured (via Council Resolution).

The final contribution agreement will be brought to Council for approval and execution by means of a future by-law.

Consultations

Development Services

Financial Services

Legislative Services & Clerk

Financial Implications

The infrastructure work that will be completed under the HEWSF are depicted on the project location map provided as Attachment 1. 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 (\$17.5M)

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 (\$3.2M)

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.

Council previously approved an allocation of \$16,571,700 for the Tecumseh Hamlet Northwest Trunk Water and Wastewater Infrastructure Project as part of the PWES 2024-2028 Capital Works Plan (see report [PWES-2024-07](#)). The Ministry applies a 25% contingency on all eligible costs submitted under the HEWSF application. Accordingly, this 25% contingency has been applied to the original allocated budget of \$16,571,700 in order to reflect the upset limits of the totals that will be eligible for Provincial funding under the HEWSF.

With the approval of the Town’s HEWSF application, the following financial implications are depicted in the summary and tables below:

Total Project Costs:	\$20,714,625
Provincial Funding (73%):	\$15,121,676
Town of Tecumseh (27%):	\$ 5,592,949

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	\$1,925,125	\$642,750	\$2,567,875	\$1,874,549	\$693,326
Wastewater Sewers	\$15,575,875	\$2,570,875	\$18,146,750	\$13,247,128	\$4,899,623
Totals	\$17,501,000	\$3,213,625	\$20,714,625	\$15,121,676	\$5,592,949

Table 2: Impacts to Reserve Funds

Reserve Fund	Town Costs (27%)	Landowner Recoveries	DC Recoveries	Ultimate Impact to the Reserve Fund
Watermain RF	\$693,326	\$0*	\$0**	\$693,326
Wastewater Sewers RF	\$4,899,623	\$0	\$2,802,166***	\$2,097,457
Totals	\$5,592,949	\$0	\$2,802,166	\$2,790,783

*Although Section E(1)(a) of Appendix E: Local Service Policy from the 2024 Development Charges Background Study, requires the landowner to pay for the watermain internal to development that do not exceed 300mm, the new 300mm trunk from CR22 to Intersection Road will serve as a transmission main. Direct connections into this main will not be afforded to developments. Instead, local watermain will be required and associated costs will be the responsibility of the developer.

** From the 2024 Development Charges Background Study and associated By-law: 0% of Watermain W-1 is DC Eligible

*** From the 2024 Development Charges Background Study and associated By-law: 63% of Wastewater Sewer WW-1 is DC Eligible [$\$15,575,875 \times 0.27 \times 0.63 = \$2,649,456$] and 22% of Wastewater Sewer WW-2 is DC Eligible [$\$2,570,875 \times 0.27 \times 0.22 = \$152,710$]. Total DC Recoveries for Wastewater: $\$2,649,456 + \$152,710 = \$2,802,166$

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:

Shane McVitty, P.Eng.
Development Engineer

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	HEWSF Tecumseh Hamlet Trunk Water and Trunk Wastewater Map