

# Municipality of Lakeshore – Report to Council

## Operations

### Corporate Leader - Operations



**To:** Mayor and Members of Council

**From:** Krystal Kalbol, P. Eng., Corporate Leader - Operations

**Date:** July 3, 2025

**Subject:** Requirements related to the County Road 22 Sewer Expansion Project from the Canadian Housing Infrastructure Fund

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### Recommendation

Endorse the County Road 22 Sanitary Sewer Expansion (Wastewater Conveyance 1 and 2) project and confirm funding commitment in the amount of \$55,221,600 (known as the Recipient Share) to meet the requirements set forth under the Canada Housing Infrastructure Fund (CHIF) as required, through annual budget allocation commencing in 2025 up to and including 2031; and

Authorize signing authority to the Corporate Leader - Operations to sign the Contribution Agreement (CA), submit payment claims, progress reports, and other materials related to the implementation of the County Road 22 Sanitary Sewer Expansion (Wastewater Conveyance 1 and 2) project, on behalf of the Municipality, as presented at the July 8, 2025, Council meeting.

### Strategic Objectives

This report supports one of the Strategic Objectives of Council:

1b) Building and Stewarding Municipal Infrastructure - Complete infrastructure delivery plans for the Water/Wastewater Master Plan and Stormwater Master Plan, including development of a stormwater levy

Further, this report also aligns with the Program Charter - Advocacy Plan and Strategic Approach to Implement Lakeshore's 2024 Water Wastewater Master Plan (5-Year Plan) that Council endorsed on April 8, 2025.

### Background

The Municipality of Lakeshore (Lakeshore) submitted an application to the CHIF in February 2025, seeking funding support for the County Road 22 Sanitary Sewer Expansion (Wastewater Conveyance 1 & 2) project.

This project addresses critical wastewater infrastructure needs to support future growth along the County Road 22 Corridor and to accommodate surrounding developments and secondary plans.

Lakeshore was notified, followed by a formal announcement on March 6, 2025, that it had been successful in securing federal funding through CHIF. The total cost of the project is \$92,036,000, with CHIF providing \$36,814,400, representing the maximum federal contribution of 40% of the project costs. As a result, Lakeshore is required to fund the remaining 60%, totaling \$55,221,600.

An Approval in Principle (AIP) letter was received dated March 21, 2025, identifying that an assigned Program Officer (PO) will reach out to validate key information needed to draft the Contribution Agreement (CA). This validation process includes confirming details such as the project description, timelines, budget, and other conditions.

On June 12, 2025, a project meeting was held between representatives of CHIF, the Environmental Assessment and Indigenous Consultation (EAIC) team, and Lakeshore.

The meeting covered project timelines, funding requirements, Indigenous consultation obligations, and conditions for funding disbursement under CHIF. Lakeshore was advised that no reimbursements will occur until all program conditions, including confirmation of the municipal funding share, are met.

## **Comments**

The following summarizes the requirements for receiving funding payments and outlines the necessary resolutions required to proceed:

### **1. Endorsement and Financial Commitment of the Project**

To receive funding, the project must be endorsed by Council. This project has been supported through the 2024 Water Wastewater Master Plan Update however a resolution confirming Lakeshore's financial commitment of the Recipient Share is required.

Housing, Infrastructure and Communities Canada (HICC) requires confirmation that all remaining project funding is known and that Council provide a commitment on the approval of funding through a 5-year plan, aligning with the project timelines.

Since the County Road 22 Sanitary Sewer Expansion project must be commissioned by September 30, 2031 to remain eligible for CHIF funding, the following chart outlines the projected timeline and the estimated annual contribution of Lakeshore's portion:

Estimated Financial Commitment		
Year	Phase	Budget
2025	Detailed Design (Phase 1) <i>(already funded)</i>	\$3,067,920.00
2026	Detailed Design (Phase 2)	*\$718,704.00
2027	Construction (Phase 1)	*\$25,003,968.00
2029	Construction (Phase 2)	*\$26,431,008.00
<b>Total</b>		<b>*\$55,221,600.00</b>

\*The above are current estimated values and will be confirmed based on final design and/or through award of tenders at budget time.

It should be noted that any additional costs that are not covered under the CHIF program is the responsibility of Lakeshore, including cost overruns, if any.

## 2. Signing Authority

A CA is required to be entered into with the Municipality. In preparation for execution, Lakeshore should designate an authorized signing authority. This individual will be responsible for signing the CA, submitting payment claims, and certifying other required project documentation on behalf of the Lakeshore throughout the project life cycle (5 years).

Designation of an individual authorized to sign the CA and all project-related documentation is required to be passed by resolution.

## 3. Organizational Capacity

As part of the CA, Lakeshore must confirm it has the ability to deliver the project, as proposed, and provide resources for completion of the project in a timely manner (by September 30, 2031).

Council endorsed the Program Charter on April 8, 2025, with the following resolution:

92-04-2025

Adopt the Program Charter entitled Advocacy Plan and Strategic Approach to Implement Lakeshore's 2024 Water Wastewater Master Plan (WWMP) (5-Year Plan), with the removal of the Program Executives outlined in the report;

Approve the identified resources as described in the Program Charter in the following amounts from the specified funding source:

- Project Risk Manager (Senior Leader) in the amount of \$1,054,000.00 over 5 years to be funded by the identified capital project(s) under the Plan;

- Team Leader, Project Management Office (PMO) in the amount of \$712,000.00 over 5 years to be funded by the identified capital project(s) under the Implementation Plan (the Plan);
- Engineering Technologist, PMO in the amount of \$560,000.00 over 5 years to be funded by the identified capital project(s) under the Plan;
- Program Coordinator in the amount of \$532,000.00 over 5 years to be funded by water and wastewater rates;
- Financial Analyst in the amount of \$538,000.00 over 5 years to be funded by the water and wastewater rates; and
- Approve the amount of \$100,000.00, including applicable HST, to develop a Sanitary Allocation Policy to be funded by the water and wastewater rates, as presented at the March 25 and April 8, 2025, Council meetings.

The endorsement of the Program Charter by Council commits to the resources required to deliver the project in a timely manner.

#### **4. Climate Report**

The project is subject to climate-related program requirements. To ensure HICC can pay eligible costs, a climate report must be submitted to HICC's satisfaction.

The CA can be signed prior to the submission of the climate report; however no claims can be paid until the above, Climate Resiliency conditions have been deemed met.

Any costs associated with this can be covered through existing budgets previously approved by Council.

#### **5. Housing Condition (Four units as-of-right)**

As noted in the AIP, Lakeshore must adopt zoning that allows four units as-of-right in all residential areas with municipal servicing, such zoning is to remain in place for the duration of the project must be met for HICC to pay eligible costs.

On September 3, 2024, Council passed the following resolution:

273-09-2024

Whereas a formal partnership is developing with Center for Cities;  
And whereas new areas will be built empowering the municipal-developer approach;  
And whereas current infrastructure in the Municipality of Lakeshore is strained;  
And whereas investments in infrastructure will determine what gets built and where;  
And whereas intentional growth allows Lakeshore to take control of the process;

And whereas 4 requirements are needed to consider 4 units that include design, demand, site and financial;

Now therefore, Council approve Option #1 as presented at the August 13, 2024, Council meeting and further considered at the September 3, 2024, Council meeting, to commit to implementing a Zoning By-law Amendment for 4 units as-of-right; direct Administration to amend the Housing Action Plan and direct Administration to apply for the Housing Accelerator Fund funding.

The full implementation of four units as-a-right in Lakeshore is expected to be completed by Q1 2026 and will align with the timing of requirements for payment requests under CHIF.

Furthermore, no claims can be paid until the above Housing Conditions have been deemed met.

## **6. Environmental Assessment and Indigenous Consultation**

CHIF will ensure Indigenous consultation requirements are met as the project finalizes its detailed design.

All projects are subject to review by HICC to determine if projects have legislated federal environmental or impact assessment requirements and/or a Duty to Consult with Indigenous peoples.

No construction can be started until all Environmental Assessment and Indigenous Consultation requirements have been met.

This will be completed as required under the project budget already approved by Council in the 2025 budget.

## **7. Project Announcement and Signage**

The project announcement has already been completed related to this project on March 6, 2025.

A sign recognizing HICC and other funding parties needs to be produced and installed at each project site at least one month prior to the start of construction and remain in place until one month after construction is complete.

Any joint communications material must be approved by both HICC and the Recipient.

The costs associated with the signage will be included in future budgets, as required.

## **8. Contract Procedures/Procurement of Services**

The Municipality will establish and use competitive and transparent tendering processes, unless approved in advance by HICC. The Municipality must communicate with HICC if the Municipality proposes to enter a Non-Competitive Contract / use Own-Force Labour, and the PO will provide the next steps.

For costs to be considered eligible under CHIF, contracts must be awarded in a way that is fair, transparent, competitive, and consistent with value-for-money principles, and if applicable, in accordance with the Canadian Free Trade Agreement and international trade agreements.

If HICC determines that the Municipality awarded a contract in a manner that is not in compliance with the aforementioned standards, HICC may consider the expenditure associated with the contract to be ineligible for reimbursement.

Any organization involved in the project by contract must also keep proper and accurate financial accounts and records, including, but not limited to, its contracts, invoices, statements, receipts, and vouchers. These documents must be kept for at least six (6) years after the Agreement End Date.

## **9. Notifications and Information Management**

HICC must be informed of any fact or event that could compromise the Project, including any changes to project scope, outcome and timing. Any proposed changes must be communicated in writing and will require careful review and approval by HICC.

HICC may, at its discretion, conduct a recipient audit during the term of the agreement. In the event of an audit, the Municipality will need to provide reasonable and timely access to the project sites, facilities and documents, at no cost, and:

- Provide any reports of reviews or audits that have been conducted on the use of contribution funding no later than sixty (60) business days.
- Provide Project-related information during and following the termination of the Agreement in order for HICC to conduct any evaluation of the performance of the Program.
- Keep financial accounts, records of Contracts, invoices, statements, receipts and vouchers for six (6) years after the Agreement End Date.

- Submit a report on follow-up actions to address recommendations no later than sixty (60) business days following receipt of the audit's findings, and implement the agreed-upon corrective actions in a timely manner

As such, HICC will at all times, to the extent permitted by law, have the right to inspect the terms and conditions of the Municipality's contracts and any records and accounts related to the project. Additionally, HICC will have free access to the project sites and to any documentation relevant to the purpose of an audit.

Documentation and information that shows activities and decisions throughout the lifecycle of the CHIF project must be kept. This information must be easily accessible to colleagues and auditors.

Information must be shared in a physical or electronic location that remains accessible. The following are examples of the types of information that are required to be acquired and/or collected:

- Transactions: orders, receipts, invoices, requests, confirmations, etc.
- Interactions: between clients, vendors, partners, authorities, HICC, municipalities, Indigenous communities, etc.
- Planning documents: budgets, forecasts, work plans, designs, schematics, permits, testing reports, etc.
- Reporting documents: reports, cashflows, memos or other documents supporting activities (all significant versions), final documents
- Meeting and phone call documents: agendas, minutes or notes, records of decision
- Correspondence: letters, emails, instant messages, etc.
- Financial documents: ledgers, statements, invoices, contracts, etc.
- Information resources that could provide additional information or context during an audit.

If an employee leaves their job, there must be assurance that a colleague can continue to access and manage the information/resources they need as well as have access to HICC's main point of contact.

## **10. Asset Disposal**

Under CHIF, the Asset Disposal Period begins on the agreement's effective date and lasts five years after substantial completion. If land acquisition is included in the project, the period extends to 40 years.

During the Asset Disposal Period Lakeshore must:

- Retain title to and ownership of an asset or part of an asset; or retain all necessary rights, interests, and permissions in non-owned assets;

- Ensure the asset will be preserved, maintained, and used for the purposes of the Project; and
- Ensure that no asset, in whole or in part, will be sold, leased, encumbered, or otherwise disposed of, directly or indirectly, during the asset disposal period unless you notify HICC in advance and in writing and receive the department's consent. Additionally, in doing any of the above, you may need to reimburse HICC, at the department's discretion, all or part of the contribution paid under your CHIF CA.

These requirements ensure that project assets are protected and used as intended throughout the Asset Disposal Period.

As mentioned, the above items form the main requirements for the successful receipt of payment through CHIF.

### Others Consulted

HICC was consulted as part of this report.

### Financial Impacts

The financial impact of the project (and associated requirements) will be recognized through the annual budget approval process in the remaining amount of \$52,153,680, as Council has already funded \$3,067,920 in the 2025 budget related to this project.

The preliminary funding sources from this project are displayed in the table below:

Project	Total Project Cost	Grant Funding	Canadian Building Fund (Gas Tax) (*)	OCIF (Ontario Grant Program)	Debt
<b>Conveyance 1 and 2</b>	\$92,036,000	\$36,814,400	\$12,000,000	\$4,300,000	\$38,921,600

\*This will require all gas tax funding we have now in the reserve and the next 5 years of allocation.

At this time, the estimated borrowing cost is approximately 4.50%, based on the rate applied to the Denis St. Pierre Expansion debt.

It is important to highlight that upon completion, a new Development Charge (DC) study will enable the Municipality to determine the portion of debt that can be funded through wastewater DC collections.

Current estimates allocate the following percentages toward growth:



- **Conveyance Groups 1 and 2** – 85% (Previously estimated at 40% in the DC study; however, growth projections and housing developments have significantly increased.)

### Report Approval Details

Document Title:	Requirements related to the County Road 22 Sewer Expansion Project from the Canadian Housing Infrastructure Fund.docx
Attachments:	
Final Approval Date:	Jul 4, 2025

This report and all of its attachments were approved and signed as outlined below:

Prepared by Krystal Kalbol

Approved by Justin Rousseau and Tyson Cragg