

Subject: Combined Sewer Overflow Control Program – 2024 Funding Recommendations

Report To: Planning and Economic Development Committee

Report date: Wednesday, May 8, 2024

Recommendations

1. That staff **PREPARE AND EXECUTE** the respective partnership funding agreements with the Local Area Municipalities for qualifying projects to reflect the terms and conditions set out in Appendix 2 and Appendix 3 of Report PDS 15-2024; and
2. That Local Area Municipalities **BE ADVISED** of the results of Regional funding support, as outlined in Appendix 1 of PDS 15-2024.

Key Facts

- The purpose of this report is to provide background information for the 2024 Local Area Municipality (LAM) projects included in the Combined Sewer Overflow (CSO) Control Program;
- The CSO Control Cost Share Program has been in place since 2007 and is intended to facilitate shared funding with the LAMs to help mitigate the impacts of wet weather events on the Region-wide sanitary system and the environment. As a result, the Region benefits from this program by gaining capacity at regionally owned trunks, sewage pump stations, and wastewater treatment plants, which in return, could be used for growth without oversizing Regional infrastructure;
- Representatives of the CSO Working Group, including representatives from all Municipalities, developed administrative procedures and criteria to support and evaluate project submissions by LAMs in accordance with the guiding principles;
- The Region supports this approach and has included funding annually in its budget. For 2024, an amount of \$2,000,000 was budgeted in the Region's Wastewater Operating Budget;
- Eighteen (18) applications with a total of 19 eligible projects were submitted by LAMs for 2024; however, the total requested funding is more than the approved program budget of \$2,000,000 by \$1,663,538 for 2024 and demonstrates high demand to address wet weather issues in sanitary collection systems.

- Nine (9) municipal projects are recommended for funding in full, three (3) municipal projects are recommended for partial funding and seven (7) projects are not recommended for funding (Appendix 1 to Report PDS 15-2024).

Financial Considerations

A gross budget of \$2,000,000 has been approved as part of the 2024 Wastewater Operating Budget for the CSO Control Cost Share program. Funding for this program is partially provided through Development Charges (DC) at 50%.

The eighteen (18) applications were received and separated into twenty-two (22) individual projects. As per the program policy PW4.S06.0, September 2, 2014, nineteen (19) of the projects were eligible for funding while three (3) of them were not. Apportioning of the received applications into twenty-two (22) individual projects was based on project types, as specified in the Appendix 2 to Report PDS 15-2024 - Funding Options. For example, an eligible application included a study and a sewer separation component, which created two different projects to be evaluated individually. This enhanced evaluation methodology offered a better distribution of limited funds across all eligible applications and a more fitting fairness of funding dissemination across Municipalities. The number of applications will hereinafter be referred to by the number of projects.

The nineteen (19) eligible projects for funding under the 2024 CSO Control Program totaled \$3,663,538. As the total requested amount is more than the approved program budget of \$2,000,000 by \$1,663,538, seven (7) projects will have to be declined for funding, and three (3) projects will receive partial funding.

In summary, Appendix 1 to Report PDS 15-2024 presents nine (9) municipal projects recommended for funding in full, three (3) municipal projects recommended for partial funding and seven (7) unfunded projects. Prior to awarding the 2024 budget, the Region had \$10.0 million in outstanding commitments to eleven (11) municipalities for approved, but unspent, CSO projects as per 2023 Year-End shown in Appendix 4 to Report PDS 15-2024.

As an update to PDS-C 1-2024 (Combined Sewer Overflow Control Program Update), staff closed 35 projects equating to \$1,586,382 during 2023. This resulted in \$809,367 of the encumbrances being returned to the wastewater reserve and \$777,015 of the DC portion being returned to the DC reserve in accordance with reserve policy.

Analysis

The CSO Control Working Group adjusted the funding options structure and evaluation matrix for the eligible CSO cost share projects in 2018 and 2019. This adjustment incorporated a weighted approach of a growth component into the evaluation matrix and a change of funding priorities for different types of work. The Working Group reviews annually the evaluation matrix for enhancements. Appendix 2 to Report PDS 15-2024 shows the funding options.

The twenty-two (22) projects were received for cost-share funding from six (6) LAMs. Five (5) projects from Fort Erie, one (1) from St. Catharines, six (6) from Niagara Falls, two (2) from Lincoln, five (5) from Port Colborne, and three (3) from Welland.

Regional staff reviewed all twenty-two (22) projects and evaluated nineteen (19) eligible projects for cost-share funding. Twelve (12) projects were incorporated into the final recommendation list presented in Appendix 1 to Report PDS 15-2024. Projects were awarded based on the program evaluation matrix following the CSO Control and Wet Weather Management Policy as approved by Council.

The requested funding for all eligible projects totaled \$3,663,538. The total requested funding is \$1,663,538 more than the 2024 approved budget of \$2,000,000.

Like other jurisdictions across Ontario, wet weather flows continue to negatively impact sanitary infrastructure resulting in potential basement flooding, overflows to the environment, and reduced capacity for future growth. The removal of wet weather flow and inflow and infiltration reduction is important work that needs on-going focus and support over the long term to be successful.

Alternatives Reviewed

No alternatives were reviewed as the approved budget was fully utilized.

Relationship to Council Strategic Priorities

This report supports the Council Strategic Priority of Effective Region through innovative service delivery and collaboration with Municipal partners.

It also assists in establishing objectives of Green and Resilient Region to adopt to climate change impacts to help the current and future infrastructure be more resilient.

Other Pertinent Reports

- PW4.S06.0, September 2, 2014 – Combined Sewer Overflow Control & Wet Weather Management Policy
- PDS-C 1-2024, January 10, 2024 – Combined Sewer Overflow Control Program Update

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Appendices

Appendix 1	Recommended 2024 CSO Control Program Funding Requests
Appendix 2	Funding Options
Appendix 3	CSO Control Policy Funding Conditions
Appendix 4	Summary of CSO Project Remaining Budget Encumbrance by Municipality by 2023 Year-End