

**Subject:** Investing in Ontario Fund Update

**Report to:** Budget Review Committee of the Whole

**Report date:** Thursday, July 25, 2024

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## **Recommendations**

1. That the provincial funding provided under the Investing in Ontario Fund of \$10,616,951 **BE APPROVED** to be allocated to the East Side Employment Lands Water and Wastewater Servicing Projects as part of the 2025 capital budget to be presented to Council.

## **Key Facts**

- The purpose of this report is to seek Council's approval to redirect funds received through the 2008 Investing in Ontario Fund to the East Side Employment Lands Water and Wastewater Servicing Projects.
- In 2008, the Region received \$20.1 million from the Province of Ontario to be used on the Region's own capital priorities. Since then, \$9.5 million of these funds have been utilized on 6 different roads and bridge projects. The remaining \$10.6 million was earmarked towards the South Niagara East-West Arterial Corridor project.
- In 2008, when recommending the funds be used for the South Niagara East-West Arterial Corridor project, it was anticipated the project would be executed within a few years. As of 2024, the project has not been initiated and there are no immediate plans or current commitments towards this project.
- To accommodate Asahi Kasei locating its new battery separator manufacturing facility in Port Colborne, the Niagara Region is planning significant capital investments in water and wastewater to construct the required infrastructure to support the facility. The required capital investment is referenced in this report as East Side Employment Lands Water and Wastewater Servicing Projects. Further details of these infrastructure investments, with complete funding recommendations will be brought forward with the 2025 capital budget to be presented to Council in September of 2024 for approval.
- The new infrastructure investment to support the growth associated with the new facility location was not in the Niagara Region's current asset management plans

and will put additional strain on the Region's ability to fund other required renewal of existing assets.

- Utilizing the existing Investing in Ontario funds to help address the immediate investment need in the East Side Employment Lands Water and Wastewater Servicing Projects, aligns with the intent of the funding and supports Niagara's economy now.

## **Financial Considerations**

Staff are currently finalizing the 2025 proposed capital budget and have identified infrastructure needs beyond the funding currently available.

The recommendation to use the \$10.6 million in Investing in Ontario Funds towards the East Side Employment Lands Water and Wastewater Servicing Projects, specifically the East Side Sewage Pumping Station Forcemain Replacement project being proposed in the 2025 capital budget provides funding for Niagara's immediate infrastructure needs.

## **Analysis**

### **Investing in Ontario Fund Background**

In May 2008, the provincial government passed the Investing in Ontario Act. The Act allowed the government to use a portion of any unanticipated provincial year-end surplus to address priority public needs as well as reduce the province's accumulated deficit. Through regulation, the province designated municipalities as the eligible recipients of payments for 2007-2008. In August 2008, the Niagara Region received a \$20.1 million allocation.

The funds received must be use for capital purposes, but each municipality has the flexibility and discretion to spend on its own capital priorities. The funds carry a requirement to report back to the province on how the funds were used. The province also reserved the right to recover funds if they were not used for capital purposes.

Through Report PWA 131-2008, the Region allocated \$9.5 million for use on 6 bridge and road reconstruction projects which have since been completed. The remaining \$10.6 million was earmarked for the South Niagara East-West Arterial Corridor.

In 2008, the Region set internal criteria for our own use to determine where best to allocate the funds. At the time staff only considered projects that meet the following criteria:

- Conformity with Council's business plan
- Offered 2009 capital budget relief
- Provide economic and employment benefits
- Construction-ready (i.e. within a 2 year implementation window)

Of projects that met the criteria above, staff considered how well projects aligned with the following criteria:

- Ability to provide Region-wide benefits
- Support for economic/commercial investment priorities
- Environmental/sustainability benefits
- Public Health & Safety benefits
- Community/Social benefits
- Legislative/regulatory mandate
- Partnership/leveraging opportunities

While circumstances changed in subsequent years, at the time staff felt the South Niagara East-West Arterial project meet the criteria above.

Staff have considered the East Side Sewage Pumping Station Forcemain Replacement project proposed now and feel it aligns well with the internal criteria established in 2008.

### **Update on South Niagara East-West Arterial Project**

In 2008, Niagara Region initiated the South Niagara East-West Arterial Road Corridor EA to identify preferred planning alternatives that would provide an enhanced connection between Highway 406 and QEW; additionally Investing in Ontario funds were earmarked for Niagara East-West Arterial Corridor (NGTA Corridor), via Council Report PWA 131-2008.

In 2010, staff presented the NGTA Corridor EA analysis and findings to PW Committee (Report PWA 73-2010) along with short-listed alignments and a recommendation to proceed to detailed design and construction. The estimated cost for construction was in excess of \$112 million.

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In 2013, MTO completed Phase 1 of the NGTA Transportation Development Strategy that recommended a new highway corridor (NGTA East) to connect Highway 406 to the QEW in Fort Erie parallel and south of Netherby Road. This work towards a Provincial connection in the same area as the Region's project would eliminate the need for a Regional connection.

In July 2017, the Niagara Region Transportation Master Plan (TMP) recommended that the NGTA Corridor be implemented in the 2022-2031 planning period, pending the outcome of the Provincial connection.

Although work on the Provincial project stalled during the pandemic, in March 2022, MTO informed Niagara Region that work was again proceeding in relation to the Provincial NGTA East project.

At present the MTO continues to work through a review of the planned corridor with an expected outcome of suggested lands to protect for the future implementation of this strategic corridor.

Staff continue to work with the Ministry of Transportation with the goal of establishing a timeline for the implementation of this corridor, this will be reflected in the update to the Regions Transportation Master Plan update (commencing in 2025 with the goal of publication in late 2026/early 2027).

### **East Side Employment Lands Water and Wastewater Servicing Project**

The project is essential to support the servicing of the East Side Employment Lands including Asai Kasei Battery Separator Plant as well as security of water supply to the east side of Port Colborne while also addressing issues that have been experienced by the East Side Sewage Pumping Station forcemain. The tunnel crossing of the Welland Canal is a key component to this servicing and combining all possible services across the canal was a top consideration of the project.

Detailed design of a tunneled crossing of the Welland Canal is now underway. The crossing will house a new Barrick Road watermain, a new forcemain for the East Side Sewage Pumping Station and additional forcemains for servicing of the East Side Employment Lands and east Port Colborne. The tender for construction is expected to be ready for Spring 2025, with construction forecasted to be completed in 2027, subject to 2025 budget approvals. This expeditious timeline is required to support the anticipated schedule of the new manufacturing facility.

## **Alternatives Reviewed**

Staff considered continuing to earmark the funds for the South Niagara East-West Arterial project as originally intended. This alternative was not recommended as there is no current timeline for when this project will move forward, and funds can be used immediately to address current needs.

## **Relationship to Council Strategic Priorities**

This recommendation supports Council's priorities of a prosperous region through directing available funds to an infrastructure project that supports economic growth in Niagara.

## **Other Pertinent Reports**

PWA 131-2008 Application of Investing in Ontario Fund to Regional Capital Works Projects (December 10, 2008) - Item has been archived, please contact Niagara Region if a copy is required.

[PWC-C 3-2024 Update on Public Works Capital Projects \(May 7, 2023\)](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=7af9be26-6779-40cd-a63a-de5d4602fe13&Agenda=Merged&lang=English&Item=16&Tab=attachments>)

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