



THE CORPORATION OF THE TOWN OF AMHERSTBURG

OFFICE OF THE CAO

MISSION STATEMENT: Committed to delivering cost-effective and efficient services for the residents of the Town of Amherstburg with a view to improve and enhance their quality of life.

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To: Mayor and Members of Town Council

Subject: Council Question- ERCA Foundation Donation

1. RECOMMENDATION:

It is recommended that:

1. The report from the Chief Administrative Officer dated February 6, 2017, regarding the ERCA Foundation Donation for the Cypher Systems Group Greenway **BE RECEIVED for information.**

2. BACKGROUND:

During the 2017 budget deliberations Council asked the following question:

*"That Administration **BE DIRECTED** to bring back a report to make a donation towards the \$700,000 trail from our Municipality."*

3. DISCUSSION:

In 2003, CN Rail donated the railway spur from Essex to Amherstburg with an estimated value of \$1.2 million to establish the Cypher Systems Group Greenway linking the two communities. To date, the value of works completed on the Greenway total \$1.6 million for an overall investment of \$2.8 million. A brief history of the Greenway includes the following:

Historical Project Development

- 2006 Development of Sadler's Pond paved trail north of Hwy #3 (Town of Essex). This paved trail was funded by the Town of Essex, Ontario Trillium Foundation, Essex Rotary Club and Service Ontario. Value was \$400,000
- 2008-2009 Environmental Clean Up of railway ties in Essex and Amherstburg (\$250k). These railway ties were stockpiled and then disposed of in a U.S. landfill (\$250k) – total Environmental Clean-up: approximately \$500,000 (with federal support)
- 2010 Construction of 4 kms of trail in Essex - \$300,000 (50% - \$150k - funding from Town of Essex/50% from Federal Trail Program)
- 2011-2015 multiple attempts were made to obtain provincial and federal funds to develop the Essex-Amherstburg Spur

Current Project Scope of Work includes:

- The construction of 16 new kms of trail.
- The trail works include the development of 10 kms in Amherstburg and 6 kms in Essex.
- The total value of the works was estimated at \$1,000,000. (Project contingency value within the project is unknown)

Funding for the trail works were secured as follows:

Parties that made contributions to ERCA Foundation for works	Amount	Total
Federal Government	\$500,000	\$500,000
Town of Essex	\$100,000	\$600,000
Cypher System Group	\$250,000	\$850,000
Foundation fundraising campaign (includes multiple corporate sponsors and individual donors)	\$150,000	\$1,000,000

At the time the project was commenced it appears that the project was fully funded from the sources identified in the chart above. It is important to note that the Town of Amherstburg **did not** provide any funding to the project. Administration has been advised that during the construction of the trail additional costs associated with unknown culvert repair costs, engineering, community entrances, estimates on material quantities, etc.) were incurred by the project that resulted in an **net additional cost of \$100,000**.

Administration has been advised that substantial completion for this project will be declared in February 2017. At this point in time from a project perspective the works have been fully completed and the project has an unfunded position of \$100,000.

Should Council wish to move forward with the donation it would appear that the donation would be used by the ERCA foundation to fully fund this phase of the project.

The Town of Essex voluntarily contributed \$100,000 in funding for the 16 km Greenway works to be completed. No contributions were made by the Town of Amherstburg for this scope of work to be undertaken by the ERCA Foundation.

It is important for Council to note that the established practise as it relates to the acquisition and development of Greenways (both the 50km Chrysler Canada Greenway and the Cypher Systems Group Greenway) are completed without any ERCA levy contributions (so no ERCA tax dollars go into acquiring or developing). These initiatives are purchased (in the case of Chrysler Canada) and secured through **the Essex Region Conservation Foundation**, and development is completed through corporate and individual support to the Foundation, which is then leveraged with Federal or Provincial grants and other programs when they become available. Therefore for example, of the \$3.5 million invested/value to date of the Cypher Systems Group Greenway, there has been no direct contribution of municipal levy.

However, once the trails are developed ERCA does maintain the trails through its operational budgets; and those budgets are funded by all nine member municipalities based on assessment. The 2017 operating budget for ERCA includes a provision for the maintenance of the Cypher Systems Group Greenway.

4. RISK ANALYSIS:

At present there is no risk to the municipality should it elect not to provide funding for this project as the project scope was developed and funded with a \$1.0 million budget. The funding for the over expenditure of \$100,000 as presented, is solely the responsibility of the ERCA foundation.

There is significant political risk as it relates to the requested \$100,000 contribution. Ratepayers do not differentiate initiatives from the ERCA foundation with those works of ERCA. Ratepayers view them as one in the same and therefore believe that funds raised by the ERCA levy are used to develop such things as the Cypher Systems Group Greenway. This is the same in Amherstburg, many residents are unaware of the differentiation and therefore would be critical of Council should Council wish to move forward with such a decision.

The decision to provide funding by the Town of Amherstburg to assist the ERCA Foundation with its \$100,000 in unforeseen costs is a political decision. In this decision, Council may wish to consider the benefits of the investment made by the ERCA Foundation within the boundaries of Amherstburg through the Cypher System Group Greenway initiative. The merits of the investment are real, have provided 10 km of trail and have occurred within the Town boundaries. At present, this has occurred at no cost to Amherstburg and should Council wish to donate the \$100,000 it would not appear to be unreasonable. However with such a decision, members of Council should be in a position to communicate to the ratepayers the roles and responsibilities of the ERCA Foundation versus those of ERCA. This initiative was underwritten by the Foundation

and not ERCA. This clear distinction must be understood. A failure to address this may lead to political criticism of Council.

Moving forward Council may wish to satisfy itself with respect to the project management of initiatives such as the Greenway construction and the reporting mechanism's that are in place to approve works performed by ERCA on behalf of the Foundation. Members of the Foundation also play a role in the administration of ERCA and as a result, one may question the roles and responsibilities of the respective parties and perhaps question the transparency of such a relationship in future projects where the Foundation is seeking support from the Town of Amherstburg. Simply put, Council may wish to satisfy itself as to whom and how decisions are made between the ERCA Foundation and ERCA. This an important factor to assist Council in dispelling any criticisms of projects such as this. Understanding who has the authority to authorize project expenditures if funds are not in place by the Foundation to fund the works approved and managed by ERCA is essential. Many projects are developed with contingencies in place to assist with addressing unforeseen expenditures, such as those experienced by ERCA during this project and when such a provision is not in place or has been exhausted, Council may wish to understand the process of how issues such as this are dealt with.

5. FINANCIAL MATTERS:

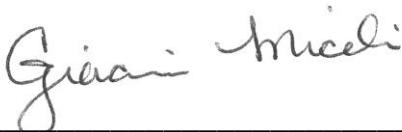
Presently the Town of Amherstburg does not have funding allocated in the 2017 operating budget to donate such funds however should Council approve the donation to the ERCA foundation, Administration will bring forward a funding recommendation along with the 2016 year end variance report at a later date.

6. CONSULTATIONS:

Richard Wyma- ERCA

7. CONCLUSION:

To Council for information.



Giovanni (John) Miceli
Chief Administrative Officer

GJM

Report Approval Details

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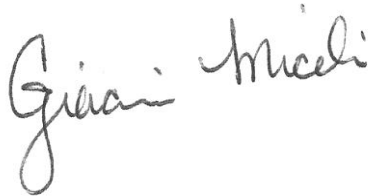
This report and all of its attachments were approved and signed as outlined below:



Justin Rousseau - Feb 10, 2017 - 10:27 AM



Mark Galvin - Feb 10, 2017 - 2:27 PM



John Miceli - Feb 10, 2017 - 2:34 PM



Paula Parker - Feb 10, 2017 - 2:46 PM