



Administrative Report

Office of the Director, Infrastructure & Planning Services

To: Warden MacDonald and Members of Essex County Council

From: Allan Botham, P.Eng.
Director, Infrastructure & Planning Services

Date: Wednesday, February 15, 2023

Subject: County Road 42 and County Road 43 – Phase 1
Cost Sharing Agreement with Town of Tecumseh

Report #: 2023-0215-IPS-R03-AB

Purpose

The purpose of this Administrative Report is to provide County Council with information and recommendations related to a Cost Sharing Agreement with the Town of Tecumseh related to Phase 1 of the County Road 42/County Road 43 project (the "**Project**").

Background

Phase 1 of the Project is well underway, with Phase 1 being comprised of, among other things, the installation of sanitary sewers and a watermain (the "**Works**"). The Works are not required by the County and were requested by the Town of Tecumseh (the "**Town**") to accommodate existing residents in the area of the Project and to support future development.

The costs for the Works being completed by the County for the Town are estimated to be \$6,000,000.00 plus related engineering and project management costs.

The Town and County have agreed to the form of a Cost Sharing Agreement, which was approved at the Town's Council meeting held on January 24, 2023. A copy of the Cost Sharing Agreement is appended as an attachment to this Administrative Report.

The Cost Sharing Agreement simply formalizes the agreement reached between the County and the Town for the County to be reimbursed for the cost of the Works being completed for the Town on the Project.

Discussion

The request by the local municipality to complete the Works is very common. When undertaking road reconstruction projects of this nature, the County generally consults with affected lower tier municipalities prior to commencing construction to allow for lower tier infrastructure improvements to be completed in conjunction with the County's projects. When lower tier municipalities opt to complete upgrades to the infrastructure the lower tier municipalities bear all of the costs for same, with the County bearing all of the costs for its infrastructure.

Traditionally the splitting of fees between the lower tier municipalities and the County has been agreed to informally, and handled as follows:

- (1) The County undertakes to complete the both the County's work and that of the lower tier municipalities involved;
- (2) The lower tier municipalities involved are advised of their share of the costs in advance and agree informally to reimburse the County for same;
- (3) Upon completion of the works, the County pays the contractor that was hired to complete the works for both the County and the lower tier municipalities involved; and
- (4) Following the County paying the contractor in full, the County invoices the lower tier municipalities involved for them to reimburse the County for improvements to their infrastructure.

It is my understanding that the above informal process has generally worked, with the County being reimbursed for the amounts the affected lower tier municipalities agreed to pay at the outset.

However, the costs for infrastructure projects continue to increase, and the cost splits between the County and local municipalities are increasingly becoming very significant. Further, with the possibility for staff turnover, the County has determined that the best practice going forward is to have a standard Cost Sharing Agreement in place to properly document what was agreed to.

Financial Implications

There are no negative financial implications. On the contrary, this should assist in ensuring that the County recovers the full amount of the Works, including association professional service fees.

Consultations

I consulted with and worked closely with the County Solicitor in negotiating the terms of the Cost Sharing Agreement with the Town of Tecumseh and its lawyer.

Recommendation

That Essex County Council receive Report No. 2023-0215-IPS-R03-AB for information and authorize the Clerk and Warden to execute the Cost Sharing Agreement with the Town of Tecumseh, on behalf of the County.

Approvals

Respectfully Submitted,

Allan Botham

Allan Botham, P.Eng., Director, Infrastructure and Planning Services

Concurred With,

David M. Sundin

David Sundin, BA (Hons), LL.B., County Solicitor

Concurred With,

Mary Birch

Mary Birch, Interim Chief Administrative Officer

Appendix Number	Title
Appendix 1	MOU – Town of Tecumseh – CR42 Project