Agenda – Council – April 27, 2011

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – April 4, 2011

Item No. 1 Program Extension – Financial Assistance Program for Homeowners – Installation of Backwater Valve and Sump Pumps

STANDING COMMITTEE RECOMMENDATION:

On April 20, 2011, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Infrastructure Renewal and Public Works and submits the following to Council:

1. That funding for the Basement Flood Protection Subsidy Program for 2011 be increased by a total of $2 million, with $1 million of the funding coming from the Combined Sewer Flood Relief Capital Program conditional on the Province of Manitoba contributing the other $1 million.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – April 4, 2011

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On April 20, 2011, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Infrastructure Renewal and Public Works and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On April 4, 2011, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: **PROGRAM EXTENSION – FINANCIAL ASSISTANCE PROGRAM FOR HOMEOWNERS – INSTALLATION OF BACKWATER VALVE AND SUMP PUMPS**

Critical Path: **Standing Policy Committee of Infrastructure Renewal and Public Works-Executive Policy Committee-Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
M. A. Shkolny, P. Eng. Manager of Engineering	B. D. MacBride, P. Eng Director of Water and Waste	M Ruta A/CAO	M Ruta A/CAO

RECOMMENDATIONS

1. That funding for the Basement Flood Protection Subsidy Program for 2011 be increased by a total of $2 million, with $1 million of the funding coming from the Combined Sewer Flood Relief Capital Program conditional on the Province of Manitoba contributing the other $1 million.

REASON FOR THE REPORT

February 23, 2011 Council approved $1,180,000 for the Financial Assistance Program for Homeowners – Installation of Backwater Valve and Sump Pumps. There has been a large response to the program, and it is projected that funding for the program will be fully committed by early April 2011 if current number of applications and subsidy amounts persist.

IMPLICATIONS OF THE RECOMMENDATIONS

The existing Basement Flood Protection Subsidy Program has funding of $1,180,000 per year, with the City's $680,000 portion being paid from sewer rates. The Province has committed to contribute $500,000 annually.

The proposed Basement Flood Protection Subsidy Program provides homeowners 60% of their invoiced cost up to a maximum subsidy of $3,000 including eligible labour, materials, permit and taxes; to install backwater valves and sump pump systems. The subsidy program is retroactive to works completed to May 1, 2010.

As of March 15, 2011 the Water and Waste Department has received 480 applications for subsidy. The average subsidy per application is approximately $1850, and at the present rate of customer interest it is likely that the funding could be depleted by the end of March 2011 (500 to 600 total applications). Clearly the participation and enthusiasm for the program was underestimated. However, the robust participation is beneficial to sewer system operation and general protection of basements from flooding due to high river and rainfall events. While the program is available to residents that had work done back to May, 2010, the majority of the applications received are for work undertaken in 2011.

The Water and Waste Department recommends that an additional $2 million be allocated to the Basement Flood Protection Subsidy Program from the Combined Sewer Flood Relief Capital Budget. Since 1977, the City has spent more than $290 million through a basement flood relief program to improve the combined sewer system, and continues to invest in improvements. Based on the rate of submission of rebate applications, there appears to be capacity in the construction industry to handle this work.

The Combined Sewer Flood Relief Capital program presently has funds of $15.9 million available. Funds from this account are to be spent in 2011 to do functional and detailed design for three major combined sewer districts and conceptual design for a fourth district. It is estimated that 2011 expenditures will be $2 to 3 million, with the remaining funds to go towards contract administration and construction in 2012. The estimated construction works required in the Combined Sewer Flood Relief Capital Program is estimated to exceed $150 million over the next 15 years.

The impact to the Combined Sewer Flood Relief program would be to defer some of the construction works that were to occur in 2012 to 2013 or beyond. The Water and Waste Department will review the Combined Sewer Flood Relief Program budget requirements as part of the 2012 Capital Budget process.

Alternatively once the number of applications received exceeds the funding available, the Water and Waste Department will hold applications over until future annual funding is provided for 2012 subject to Council approval. This is not recommended as the current program buy-in and acceptance of the public would be lost. There would likely be criticism by the public that the program was underfunded.

HISTORY

February 23, 2011 Council approved the following:

1. That the Public Service implement a program to financially assist homeowners with the cost of installation of an in-line backwater valve and sump pump and pit to help protect basements from chronic flooding as a result of storm water run-off overloading of the wastewater collection system.

2. That $1,180,000 for the program be included in the 2011 Current Budget, conditional upon a recovery from the Province of Manitoba via a new incremental financial contribution of $500,000 to the subsidy program.

3. That the subsidy program be retroactive to May 1, 2010.

4. That the program includes that labour eligible for subsidy will require that City of Winnipeg permits be obtained for such works by the appropriate contractor, as required by the Winnipeg Building By-law No. 4555/87.

5. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

The Executive Policy Committee referred the July 21, 2010 Council Motion, resolving that the Winnipeg Public Service work with the Province of Manitoba and the Insurance Bureau of Manitoba to establish a credit and/or grant and/or finance program to directly assist homeowners
with the financial cost of installing both the backwater valve and sump pump with pit, to the Winnipeg Public Service for report back in November 2010. On December 15, 2010 Council granted a 90 day extension for reporting back.

In May, July, and August 2010, the City of Winnipeg experienced some severe storms that have resulted in overloading of segments of the wastewater collection system. This has resulted in sewer backups and basement flooding in many areas of the City. With the increasingly frequent and severe weather events, it is essential that homeowners take the appropriate action to reduce the risk of basement flooding on their own private property. Those who isolate their home from the City's sewer system can significantly reduce the risk of basement flooding.

The annual approved program budget for the Financial Assistance Program for Homeowners – Installation of Backwater Valve and Sump Pumps is paid from sewer rates and is as follows:

Original Program Funding Plan

City of Winnipeg Contribution		$ 680,000.00	
Province of Manitoba Contribution		$ 500,000.00	
Approved Program Budget			**$ 1,180,000.00**
Staff Costs	($150,000.00)		
Promotion/Education Costs	($ 30,000.00)		
	($180,000.00)		($ 180,000.00)
Original Approved Funds for Program Subsidies			$ 1,000,000.00

Proposed New Funding

City of Winnipeg Contribution	$ 1,000,000.00	
Province of Manitoba Contribution*	$ 1,000,000.00	
Proposed New Subsidy Funding		**$ 2,000,000.00**
*see recommendation No. 2		
Total Program Funding (Approved and Proposed)		**$ 3,000,000.00**

Combined Sewer Flood Relief Budget

The financial status of the Combined Sewer Flood Relief program is as follows:

Uncommitted Capital	$ 15,939,094.00
Proposed transfer to Basement Flood Protection Subsidy Program	$ 2,000,000.00
Estimated Residual for Remaining Projects	$13,939,094.00

FINANCIAL IMPACT

Financial Impact Statement

Date: March 14, 2011

Project Name: **First Year of Program** **2011**

PROGRAM EXTENSION - FINANCIAL ASSISTANCE PROGRAM FOR HOMEOWNERS – INSTALLATION OF BACKWATER VALVE AND SUMP PUMPS

	2011	2012	2013	2014	2015
Capital					
Capital Expenditures Required	$ 2,000,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	2,000,000	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Funds for this proposed extension of the previously approved program are financed by the Sewer System Rehabilitation Reserve. There may be a cost recovery of a maximum of $1,000,000 from the Province of Manitoba for this program.

"Original signed by Lucy Szkwarek, C.G.A."

Lucy Szkwarek, C.G.A.
Acting Manager of Finance and Administration

js
14-Mar-11

CONSULTATION

In preparing this report there was consultation with:

Planning, Property and Development Department

SUBMITTED BY

Water and Waste Department
Engineering Division
Prepared by: J. Comeau, P.Eng.
Date: March 15, 2011
File No. S-838

c: L. Toews, Finance and Administration, Water and Waste Department (e-mail)
J. Smalley, C.E.T., Water and Waste Department (e-mail)
D. Joshi, Director Planning, Property and Development Department
M. McAndless, Corporate Risk Manager, Corporate Finance Department