Agenda – Executive Policy Committee – October 12, 2016

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – October 3, 2016

Item No. 1 Basement Flooding Protection Subsidy Program

STANDING COMMITTEE RECOMMENDATION:

On October 3, 2016, the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment concurred in the recommendation of the Winnipeg Public Service, as amended, and submitted the following to Council:

1. That the Water and Waste Department be authorized to proceed with the Basement Flooding Protection Subsidy Program for 2016, without any contribution from the Province of Manitoba, to an upset budget amount of $500,000.00.

2. That the continuation of the City portion of the Basement Flooding Protection Subsidy Program for 2017 be referred to the 2017 Operating Budget deliberations.

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

Agenda – Executive Policy Committee – October 12, 2016

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – October 3, 2016

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On October 3, 2016, the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment concurred in the recommendation of the Winnipeg Public Service with the following amendments:

- Delete recommendations 2 and 3 in their entirety.

- Add the following new recommendation:

    "2. That the continuation of the City portion of the Basement Flooding Protection Subsidy Program for 2017 be referred to the 2017 Operating Budget deliberations.",

and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: **ADMINISTRATIVE REPORT ON THE BASEMENT FLOODING PROTECTION SUBSIDY PROGRAM**

Critical Path: **Standing Policy Committee on Water and Waste, Riverbank Management and the Environment - Executive Policy Committee - Council**

AUTHORIZATION

Author	Department Head	CFO	CAO/COO
G. K. Patton, P. Eng. Manager of Engineering Services	Moira L. Geer, CPA, CA Acting Director, Water and Waste Department	M. Ruta	M. Jack COO

EXECUTIVE SUMMARY

The Department recommends that Council authorizes the Department to proceed with one final year of the Basement Flooding Protection Subsidy Program in 2016, with funds from the approved 2016 Operating Budget, without contribution or participation from the Province of Manitoba for a maximum budget expenditure of $500,000.00. However, the Department also recommends that the program terminate at the end of 2016.

RECOMMENDATIONS

1) That Council authorizes the Water and Waste Department to proceed with the Basement Flooding Protection Subsidy Program for 2016, without any contribution from the Province of Manitoba, to an upset budget amount of $500,000.00.

2) That Council authorize the termination of the Basement Flooding Protection Subsidy Program effective December 31, 2016.

3) That, upon termination of the Basement Flooding Protection Subsidy Program as set out in Recommendation #2, the Basement Flooding Protection Subsidy Program By-law No. 19/2011 be repealed effective January 1, 2017.

4) That the Proper Officers of the City be authorized to do all things necessary to affect the intent of the foregoing.

REASON FOR THE REPORT

Council approved $1,000,000 in the 2016 operating budget for the Basement Flooding Protection Subsidy Program (BFPSP), conditional upon a recovery from the Province of Manitoba via an incremental financial contribution of $500,000 to the subsidy program.

In a letter dated July 21, 2016 the Province stated that it will not be contributing funds to a 2016 program or any future funds.

Council approval is required for the Department to proceed with exercising the BFPSP without participation from the Province of Manitoba.

IMPLICATIONS OF THE RECOMMENDATIONS

Funds in the amount of $1,000,000.00 are included in the 2016 Operating Budget, Account Distribution No. 444 521011 201462 999 for subsidizing the installation of Backwater Valves and/or Sump Pit Drainage Systems. In addition, $500,000.00 is included as a recovery from the Province of Manitoba to Fund 444 in Account Distribution No. 444 431270 201462 999.

The budgeted $1,000,000.00 expense includes $500,000.00 applicable to the City of Winnipeg and $500,000.00 applicable to the Province of Manitoba. The total $1,000,000.00 operating expense budget is offset by $500,000.00 recovered from the Province of Manitoba. The net operating budget impact to the Public Service is $500,000.00.

The recommendations in this report will not have an effect on Public Service budget as the total net operating impact will continue to be $500,000.00 and will exclude the Province of Manitoba expense and recovery.

HISTORY / DISCUSSION

Backwater valves, sump pit and pump systems are devices that are installed within buildings to protect basements from flooding. The Basement Flooding Protection Subsidy Program provides an incentive for private property owners to invest in the protective measures consisting of an in-line backwater valve and/or sump pit drainage system. Backwater valves have been mandatory in new construction in Winnipeg since 1979 and sump pits and pump systems since 1990.

On February 23, 2011, Council approved the Basement Flooding Protection Subsidy Program and By-law 19/2011 to govern the implementation of the program. An initial funding agreement with the Province was for three (3) years (2011, 2012 and 2013) with subsequent year's agreements being on an annual basis. The agreement was extended for 2014 and again in 2015.

In a letter from July 21, 2016, the Province of Manitoba stated that it will not be contributing funds to a 2016 program or any future funds.

As per the Council direction, funding for the Basement Flooding Protection Subsidy Program is contingent on a 50/50 cost sharing between the City and the Province.

The assistance program provides up to $3,000.00 to the home owner, based on the following three situations:

- A: Backwater Valve
  Subsidy = 60% of the invoiced cost up to a maximum subsidy of $1,000.00 including eligible labour, materials, permit and taxes.

- B: Sump pit and pump system
  Subsidy = 60% of the invoiced cost up to a maximum subsidy of $2,000.00 including eligible labour, materials, permit and taxes.
- C: Backwater valve and sump pit and pump system
  Subsidy = 60% of the invoiced cost up to a maximum subsidy of $3,000.00 including eligible labour, materials, permit and taxes.

The program has been highly successful at encouraging residents to reduce their risk of basement flooding through the installation of backwater valves and sump pit drainage system. An additional benefit of the program is the increased public awareness of the importance of maintaining existing backwater valves and sump pit drainage systems.

The below table shows the history of subsides issued.

Year	Number of approved applications	Total Value of Subsides
2011	1,593	$ 2,986,641.01
2012	500	$ 973,972.49
2013	568	$ 1,203,839.34
2014	472	$ 998,016.74
2015	393	$ 832,433.61

As per By-law 19/2011, the Water and Waste Department has continued to accept applications and hold them until either more funding becomes available or said by-law is repealed. However, no funds have been paid out in 2016.

As of August 2, 2016, there are 107 applications being held pending future funding with an estimated value of $214,715.31.

While the program has always been contingent on approved funding, the applications received in 2016 have been made in good faith that a program is likely to continue. The Department recommends proceeding with the Basement Flooding Protection Subsidy Program for 2016, without any contribution from the Province of Manitoba, to an upset budget amount of $500,000.00. This will allow people who have already installed a backwater valve and/or sump pit drainage system or are in the process of installing them and have not received a subsidy to be approved while providing no additional financial hardship to the City.

Public participation in the Program has significantly reduced in 2016 (107 application received as of August 2) since initiation in 2011 (1593 applications). Given this fact and the number of higher priority regulatory-driven projects being initiated by the Department, it is recommended that funding beyond 2016 for the Program be allocated to higher priority projects and the Program be canceled.

The Program has one Water and Waste staff member that will be reassigned to work on the forthcoming Combined Sewer Overflow Master Plan.

FINANCIAL IMPACT

Financial Impact Statement

Date: August 29, 2016

Project Name: **First Year of Program** **2016**

ADMINISTRATIVE REPORT ON THE BASEMENT FLOODING PROTECTION SUBSIDY PROGRAM

	2016	2017	2018	2019	2020
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
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	$ 500,000	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 500,000	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	500,000	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: City Council approved funds of $500,000 in the 2016 budget. If Council adopts the recommendations of this report the program will be excluded from the 2017 to 2019 operating budget.

"Original signed by L. Szkwarek, CPA, CGA"

amc
8-Aug-16

Lucy Szkwarek, CPA, CGA
Acting Manager of Finance and Administration

CONSULTATION

In preparing this report there was consultation with:

Legal Services (as to legal issues)

OURWINNIPEG POLICY ALIGNMENT

OurWinnipeg Reference: Environment

SUBMITTED BY

Department: Water and Waste
Division: Engineering Services
Prepared by: Andrew McMillan P. Eng.
Date: September 2 2016
File No.: S-838