Agenda – Executive Policy Committee – July 15, 2020

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – July 8, 2020

Moved by Councillor

That Rule 10(3) of The Procedure By-law No. 50/2007 be suspended in order that the following item, which was received less than four business days preceding the committee meeting, be considered by Committee.

Item No. 4 Infrastructure Projects for Provincial Funding under the Disaster Prevention and Climate Resiliency Program

On July 8, 2020, the Standing Policy Committee on Water and Waste, Riverbank Management did not concur in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council without recommendation.

Agenda – Executive Policy Committee – July 15, 2020

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – July 8, 2020

DECISION MAKING HISTORY:

On July 8, 2020, the Standing Policy Committee on Water and Waste, Riverbank Management did not concur in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council without recommendation.

ADMINISTRATIVE REPORT

Title: Infrastructure Projects for Provincial Funding under the Disaster Prevention and Climate Resiliency 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
R. Taylor, Manager, Major Capital Projects Oversight	G. Chartier, Chief Asset and Project Management Officer	P. Olafson, Interim CFO	M. Ruta, Interim CAO

EXECUTIVE SUMMARY

On June 5, 2020 the Province of Manitoba Municipal Relations Department issued a bulletin inviting all municipalities in the Winnipeg Metropolitan Region to submit proposals for one-time funding under the Disaster Prevention and Climate Resiliency Program. The program identifies one-time provincial funding support of up to $15 million in total to municipalities in the Winnipeg Metropolitan Region. Successful applicants could be reimbursed for up to 100% of approved eligible project costs incurred between April 1, 2020 and March 31, 2021.

Project proposals had to be submitted by June 19, 2020 and therefore the Public Service submitted the following three projects for provincial funding of 100% eligible costs, subject to formal Council approval:

Project	Cost (in $ millions)	Funding Status
Lyndale Drive Riverbank Stabilization - Claremont Ave to Birchdale Ave	$ 4.810	Unfunded
St Cross Street Riverbank Stabilization - Anderson Ave to Mortimer Pl.	$ 3.897	Unfunded
Canora Storm Water Relief Gate Chamber Upgrade	$ 1.670	Funded under the Land Drainage and Combined Sewers Outfall Gate Structures Program 2078500220
	$ 10.377	

This report recommends Council approval of the two unapproved capital projects subject to 100% provincial funding of eligible costs. The total cost for the two projects is $8.707 million. The City's share of these projects is $0.434 million (ineligible costs) which would be financed by debt.

This report also recommends Council approve the submissions of the three projects for provincial funding under the Disaster Prevention and Climate Resiliency Program. The Canora Storm Water Relief Gate Chamber Upgrade project will also be included in this funding submission. The total cost for the three projects is just over $10 million. The provincial funding component is assumed to be incremental funding to the City.

Council support of the projects is required by the Provincial government in order to be considered for provincial funding.

RECOMMENDATIONS

1. That the two projects outlined in the capital budget detail sheets included in Appendix A, totalling $8,707,000, be approved subject to final written confirmation of 100% provincial funding of eligible costs, and that the 2020 Capital Budget be amended to reflect the same.

2. That Council approve the submissions of the three projects listed in Table 1 for provincial funding under the Disaster Prevention and Climate Resiliency Program.

3. That additional borrowing authority in the amount of $434,000 be approved for the City's portion of the tax-supported project costs.

4. That all debt and finance charges resulting from approvals of Recommendation 1 and 2 be included in the 2021 and subsequent operating budgets as outlined in the Financial Impact Statement of this report.

5. That additional operating budget impacts be referred to the 2021 Operating Budget process.

6. That subject to fulfillment of the conditions set forth in Recommendation 1 and 2, the City enter into, execute and deliver funding agreements with the Province of Manitoba that sets out the terms and conditions of provincial funding for the projects detailed in this report, and that authority be delegated to the Chief Financial Officer to negotiate and approve terms and conditions of such funding agreements in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interest of the City, and such other agreements as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing.

7. That the City Solicitor / Director of Legal Services be requested to submit any required borrowing by-law directly to Council.

8. That the proper officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

Council support of the projects is required by the Provincial government in order for the three projects in this report to be considered for provincial funding.

IMPLICATIONS OF THE RECOMMENDATIONS

Council to approve the following two capital projects along with their funding sources as outlined in Appendix A:

- Lyndale Drive Riverbank Stabilization - Claremont Ave to Birchdale Ave
- St Cross Street Riverbank Stabilization - Anderson Ave to Mortimer Pl.

Council to approve the submissions of the following three projects for provincial funding under the Disaster Prevention and Climate Resiliency Program.

- Lyndale Drive Riverbank Stabilization - Claremont Ave to Birchdale Ave
- St Cross Street Riverbank Stabilization - Anderson Ave to Mortimer Pl.
- Canora Storm Water Relief Gate Chamber Upgrade

The estimated direct and indirect economic impact of this expenditure is:

Economic Impact	Manitoba	Rest of Canada
Gross Domestic Product (GDP)	$6.1 million	$1.7 million
Person Years of Employment	52	13
Federal Government Tax Revenue	$0.7 million	$0.2 million
Provincial Government Tax Revenue	$0.7 million	N/A

Source: Statistics Canada. Table 36-10-0594-01 Input-output multipliers, detail level. Note that the 2016 simple GDP at basic prices multiplier for Other Engineering Construction [BS23C500] was used to assess these investments. Federal and provincial government tax revenue estimates include GST, MRST, personal income taxes, corporate income taxes and other sources of taxes and fees. These are estimated using the multipliers noted above in conjunction with effective tax rates calculated from the economic accounts produced by Statistics Canada.

HISTORY/DISCUSSION

On June 5, 2020 the Province of Manitoba Municipal Relations Department issued a bulletin inviting all municipalities in the Winnipeg Metropolitan Region to submit proposals for one-time funding. The program guideline, attached as Appendix B, identifies one-time provincial funding support of up to $15 million in total to municipalities in the Winnipeg Metropolitan Region. Funding will be awarded to successful applicants for investments in public infrastructure to mitigate the potential economic, environmental and social impacts of climate change, and strengthen our resilience to disasters triggered by natural hazards and extreme weather, thereby reducing the economic, social and environmental impacts of these events.

Program Highlights/Criteria:

- Successful applicants could be reimbursed for up to 100% of approved eligible project costs incurred between April 1, 2020 and March 31, 2021.
- All municipalities in the Winnipeg Metropolitan Region may apply.

- All proposed work must be completed and final reports submitted by March 31, 2021.
- Minimum threshold for individual projects is $250,000.
- Typical eligible/ineligible costs breakdown.
- Project proposals were to be submitted by June 19, 2020.
- Council approval of projects is required but can be provided after the June 19, 2020 submission deadline.

Eligible investments for infrastructure projects under the program are:

- New construction of disaster prevention and/or climate resiliency public infrastructure including natural infrastructure.
- Modification and/or reinforcement (including rehabilitation and expansion) of existing disaster prevention and/or climate resiliency public infrastructure including natural infrastructure.

On June 18, 2020, the interim CAO advised Council via email that the Public Service would submit the three projects detailed in this report.

On June 19, 2020, the Public Service submitted the following three projects for 100% provincial funding of eligible costs, totalling $10.377 million as they met the narrow program criteria and timelines:

- Lyndale Drive Riverbank Stabilization - Claremont Ave to Birchdale Ave (currently unfunded; project listed in notes of the Riverbank Stabilization – Physical Asset Protection 2020 capital budget detail sheet)
- St Cross Street Riverbank Stabilization - Anderson Ave to Mortimer Pl. (currently unfunded; project listed in notes of the Riverbank Stabilization – Physical Asset Protection 2020 capital budget detail sheet)
- Canora Storm Water Relief Gate Chamber Upgrade (currently funded from the Land Drainage and Combined Sewers Outfall Gate Structures Program)

Table 1 – Projects for Provincial Disaster Prevention & Climate Resiliency Program Funding

Project Name	Class of Estimate	Proposed Funding ($000s)		
		Total Project Costs	**Provincial (eligible)**	**City (Ineligible)**
Lyndale Drive Riverbank Stabilization - Claremont Ave to Birchdale Ave	5	$ 4,810	$ 4,570	$ 240
St Cross Street Riverbank Stabilization - Anderson Ave to Mortimer Pl.	5	$ 3,897	$ 3,703	$ 194
Total Riverbank Stabilization - Unfunded		$ 8,707	$ 8,273	$ 434
Canora Storm Water Relief Gate Chamber Upgrade - Funded *	3	$ 1,670	$ 1,618	$ 52
Total		$ 10,377	$ 9,891	$ 486

* Currently funded under the Land Drainage and Combined Sewers Outfall Gate Structures Program

Note: A Class 5 cost estimate has an implied accuracy range of -50% to +100%. The Public Service's goal is to provide Council with Class 3 project cost estimates for budget authorization. A project with a Class 5 cost estimate is less defined/developed and thus has a wider range of cost accuracy and less certainty in the estimated project cost.

The $9.891 million provincial funding is assumed to be incremental funding to the City.

If the Canora Storm Water Relief Gate Chamber Upgrade project is successful in accessing the maximum provincial funding for this project, the Transfer from Sewage Disposal System Fund used to fund Land Drainage capital will be reduced by $1.618 million. The CFO has delegated authority to reallocate financing sources for the Canora Storm Water Relief Gate Chamber Upgrade project.

Project Descriptions

Lyndale Drive Riverbank Stabilization - Claremont Ave to Birchdale Ave

This project will address riverbank related risks to Lyndale Drive, between Claremont Ave and Lawndale Ave. This area is being impacted due to active slope instabilities that threaten to fail further inland, potentially impacting the street, buried infrastructure, streetlights, existing and proposed paths, and park space. The Lyndale Drive right-of-way (ROW) is also a key component of flood protection infrastructure as it is designated as part of the City of Winnipeg's diking system, the Primary Line of Defence (PLD). The project will also consider supplemental stability improvements to the upper bank between Lawndale Ave and Birchdale Ave where there is some evidence of ongoing slope movement affecting the eastbound lane of the street.

St. Cross Street Riverbank Stabilization – Anderson Ave to Mortimer Pl

This project will address riverbank related risks to St. Cross Street, between Anderson Ave and Mortimer Pl. This area is threatened by potential slope failures that could impact the street, buried infrastructure, existing and proposed paths, streetlights, and park space. The St Cross St right of way (ROW) is also a key component of flood protection dike infrastructure as it is designated as part of the City of Winnipeg's diking system/Primary Line of Defence (PLD).

Canora Storm Water Relief Gate Chamber Upgrade

The Canora outfall gate chamber is part of the approximately 150 ha Cornish Combined Sewer District. A flood pump station on Canora provides the bulk of the wet weather pumping capacity to this district and the Canora stormwater relief (SRS) gate chamber is outfitted only with a small dewatering pump to dewater the deep SRS pipe for additional system storage. The current focus is to upgrade the City's SRS gate chambers to provide improved dewatering in combined sewer districts during rainstorms and elevated river levels. Restoring the level of service for older relieved districts can be realized by installing flaps on gate chambers on SRS outfalls. This allows the system to operate primarily under flap gate control and enables gravity drainage when the hydraulic head on the upstream side of the gate chamber is higher than the river level. The Canora outfall gate chamber is located at 850 Palmerston Avenue, Winnipeg; all land and assets are owned by the City of Winnipeg.

Debt Financing

This report recommends that Council approve the two projects outlined in Appendix A and that the City's share be fully financed by debt totalling $434,000.

Borrowing Authority

Additional borrowing authority of $434,000 is required for the riverbank stabilization projects.

Debt Strategy

On October 28, 2015, Council adopted a Debt Strategy for Tax Supported, Utilities and total City borrowing.

In addition to the debt implications from this report, this Debt Strategy section has been prepared considering other reports having debt implications at the July 23, 2020 meeting of Council.

Subject to approval of the recommendations of this report, additional borrowing authority of $434,000 is required.

$95 million of Tax Supported and $110 million of Utilities borrowing capacity will remain if Council approves the recommendations of both reports, including this one.

The impact of this debt financing falls within the debt limits established in the Council Policy as outlined in the table below:

Tax Supported net debt as a percentage of revenue not to exceed	80%
Forecasted peak rate including proposed debt from this report	65.9%
Utilities net debt as a percentage of revenue not to exceed	220%
Forecasted peak rate including proposed debt from this report	99.4%
Total City net debt as a percentage of revenue not to exceed	90%
Forecasted peak rate including proposed debt from this report	79.8%
Tax Supported debt servicing as a percent of revenue not to exceed	10%
Forecasted peak rate including proposed debt from this report	5.1%
Utilities debt servicing as a percent of revenue not to exceed	20%
Forecasted peak rate including proposed debt from this report	9.4%
Total City debt servicing as a percent of revenue not to exceed	11%
Forecasted peak rate including proposed debt from this report	6.6%
Tax Supported Debt per Capita not to exceed	1,500
Forecasted peak rate including proposed debt from this report	1,155
Utilities Debt per Capita not to exceed	1,500
Forecasted peak rate including proposed debt from this report	828
Total City Debt per Capita not to exceed	2,800
Forecasted peak rate including proposed debt from this report	2,083

FINANCIAL IMPACT

Financial Impact Statement

Date: June 25, 2020

Project Name:

Infrastructure Projects for Provincial Funding under the Disaster Prevention and Climate Resiliency Program

First Year of Program **2020**

	2020	2021	2022	2023	2024
Capital					
Capital Expenditures Required	$ 10,377,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	1,670,000	-	-	-	-
Additional Capital Budget Required	$ 8,707,000	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	434,000	-	-	-	-
Grants Province of Manitoba	8,273,000	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ 8,707,000	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 8,707,000				
Total Additional Debt Required	$ 434,000				
Current Expenditures/Revenues					
Direct Costs	$ -	$ 22,000	$ 27,000	$ 27,000	$ 27,000
Less: Incremental Revenue/Recovery	109,000	-	-	-	-
Net Cost/(Benefit)	$ (109,000)	$ 22,000	$ 27,000	$ 27,000	$ 27,000
Less: Existing Budget Amounts	(109,000)	-	-	-	-
Net Budget Adjustment Required	$ -	$ 22,000	$ 27,000	$ 27,000	$ 27,000

Additional Comments:

1) Capital expenditures required of $10.377 million represents the full cost of all three projects included on the application for provincial funding under the Disaster Prevention and Climate Resiliency Program at $10.377 million.
2) Existing Budgeted Costs (Capital) reflects the Council adopted capital budget for the Canora Storm Water Relief Gate Chamber Upgrade currently budgeted under the Land Drainage and Combined Sewer Outfall Gate Chambers Program.
3) Funding Sources of $8.707 million reflect the additional funding sources for the two Riverbank Stabilization projects being proposed. The City contribution of $0.434 million will be used to finance ineligible project costs.
4) Direct Costs under Current Expenditures for 2021 to 2024 include: debt and finance charges reulting from the additional external debt. Incremental Revenue/Recovery reflects the administrative overhead charges to the projects.
5) Net budget adjustment required is the amount that is required to be added to the annual budget for each of the year's indicated in accordance with Recommendation #4.

original signed by

Tanis Yanchishyn, CPA, CA
Manager of Finance (Campus)
Corporate Finance Department

CONSULTATION

This report has been prepared in consultation with:

- Water and Waste
- Property, Planning & Development
- Corporate Finance
- Legal Services
- Customer Service & Communications
- Office of Sustainability

OURWINNIPEG POLICY ALIGNMENT

Provide efficient and focused civic administration and governance. (p.49)

- Continue to implement life-cycle costing for capital projects and consider all relevant financing and delivery options.

Maintain strong intergovernmental cooperation. (p.50)

- Pursue cost-effective sharing agreements with other governments and with the private sector for priority infrastructure projects.

The riverbank stabilization projects align with Our Winnipeg: Section 02-2

- Support waterway management
- Promote the use of rivers and riverbanks
- Recognize and preserve Winnipeg's parks, green spaces and riverbanks, as green oases in our urban setting and also with
- Complete Communities: Section 07, in particular Directions 2 and 3, and
- A Sustainable Winnipeg: Section 09, in particular Directions 2, 7 and 8.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

This report is in accordance with the Winnipeg Climate Action Plan and supports:

- Key Direction 7.1 Implement Opportunities to Improve Winnipeg's Resilience and Adaptability to the Effects of a Changing Climate (p.53).
  - Primary Responsibility: Office of Sustainability
  - Short Term Action (2018-2022)
- Key Direction 7.3
  - Preserve and Manage Parks and Natural Areas to Support Climate Change Mitigation

SUBMITTED BY

Department: Office of the CAO
Division: Infrastructure Planning Office
Prepared by: Rob Taylor
Date: June 30, 2020

Attachments:

Appendix A: Summary of Capital Budget Detail Sheets and Capital Budget Detail Sheets

Appendix B: Winnipeg Metropolitan Region Program Guidelines

Summary of Capital Budget Detail Sheets ($000's)

Lyndale Drive Riverbank Stabilization - Claremont Ave to Birchdale Ave		
Province of Manitoba	$	4,570
External Debt	$	240
Total	**$**	**4,810**
St. Cross Street Riverbank Stabilization - Anderson Ave to Mortimer Ave		
Province of Manitoba	$	3,703
External Debt	$	194
Total	**$**	**3,897**
Total of 2 projects	**$**	**8,707**

Summary of Funding Sources:

Province of Manitoba	**$**	**8,273**
External Debt	**$**	**434**
Total	**$**	**8,707**

PLANNING, PROPERTY & DEVELOPMENT

Project Name: **Lyndale Drive Riverbank Stabilization - Claremont Ave to Birchdale Ave**

Standing Policy Committee: Water and Waste, Riverbank Management and the Environment

Dept ID: 630652
Department: Planning Property & Development
Project: 6351301220

Investment Driver: Maintain
Service: Land Drainage and Flood Control
OurWinnipeg: Environment

AUTHORIZATION	Previous Budgets	2020 Estimate	FORECAST 2021	2022	2023	2024	2025	Five-Year Forecast Total	Six-Year Total
Project Costs ($000's)	N/A *	4,810	-	-	-	-	-	-	4,810
Financed by:									
Province of Manitoba		4,570						-	4,570
External Debt		240							240

CASH FLOW	2020	2021	2022	2023	2024	2025	Beyond 2025	Total
Project Costs ($000's)	488	4,322	-	-	-	-	-	4,810
Financed by:								
Province of Manitoba	488	4,082						4,570
External Debt		240						240

NET OPERATING IMPACT (000's)	2020	2021	2022	2023	2024	2025
Operating costs						
Debt and finance charges	-	10	15	15	15	15
Transfer to General Capital Fund						
Total Direct Costs	-	10	15	15	15	15
Less: Incremental Revenue/Recovery	6	54	-	-	-	-
Net Cost/(Benefit)	(6)	(44)	15	15	15	15
Incremental Full Time Equivalent Positions	-	-	-	-	-	-

Class Estimate: 5

This project will address riverbank related risks to Lyndale Drive, between Claremont Ave and Lawndale Ave. This area is being impacted by active slope instabilities that threaten to further retrogress, potentially impacting the street, buried infrastructure, streetlights, existing and proposed paths, and park space. The Lyndale Drive right-of-way (ROW) is also a key piece of flood protection infrastructure as it is designated as part of the City of Winnipeg's diking system, the Primary Line of Defence (PLD). The project will also consider supplemental stability improvements to the upper bank between Lawndale Ave and Birchdale Ave where there is some evidence of ongoing slope movement affecting the eastbound lane of the street.

The major riverbank work will be done in the winter of 2020/2021 when the frozen ground, and typically lower water levels allow for better construction access, and less schedule uncertainty. Rockfill columns have proven to be an effective means of stabilizing riverbanks in Winnipeg, and have been used to protect a 500 m long stretch of riverbank along Lyndale Drive upstream of the current project area.

Preliminary design will provide a class 3 estimate in fall of 2020 prior to construction beginning in winter of 2021 with site restoration being completed in spring/summer 2021.

PLANNING, PROPERTY & DEVELOPMENT

Project Name: **St. Cross Street Riverbank Stabilization - Anderson Ave to Mortimer Place**

Standing Policy Committee: Water and Waste, Riverbank Management and the Environment

Dept ID: 630652
Department: Planning, Property & Development
Project: 6351302220

Investment Driver: Maintain
Service: Land Drainage and Flood Control
OurWinnipeg: Environment

AUTHORIZATION	Previous Budgets	2020 Estimate	FORECAST 2021	2022	2023	2024	2025	Five-Year Forecast Total	Six-Year Total
Project Costs ($000's)	N/A *	3,897	-	-	-	-	-	-	3,897
Financed by:									
Province of Manitoba		3,703						-	3,703
External Debt		194							194

CASH FLOW	2020	2021	2022	2023	2024	2025	Beyond 2025	Total
Project Costs ($000's)	395	3,502	-	-	-	-	-	3,897
Financed by:								
Province of Manitoba	395	3,308						3,703
External Debt		194						194

NET OPERATING IMPACT (000's)	2020	2021	2022	2023	2024	2025
Operating costs						
Debt and finance charges	-	7	12	12	12	12
Transfer to General Capital Fund						
Total Direct Costs	-	7	12	12	12	12
Less: Incremental Revenue/Recovery	5	44	-	-	-	-
Net Cost/(Benefit)	(5)	(37)	12	12	12	12
Incremental Full Time Equivalent Positions	-	-	-	-	-	-

Class Estimate: 5

This project will address riverbank related risks to St. Cross Street, approximately between Anderson Ave and Mortimer Place. This area is threatened by potential retrogressing slope failures that would impact the street, buried infrastructure, existing and proposed paths, streetlights, and park space. The St. Cross Street right of way (ROW) is also a key piece of flood protection dike infrastructure as it is designated as part of the City of Winnipeg's Primary Line of Defence (PLD).

This work will be done in the winter of 2020/2021 when the frozen ground and typically lower water levels allow for better construction access, and less schedule uncertainty. Rockfill columns have proven to be an effective means of stabilizing riverbanks in Winnipeg, and were used successfully locally to stabilize a portion of riverbank in St. Johns Park located immediately south of the project area.

Preliminary design will provide a class 3 estimate in fall of 2020 prior to construction beginning in the winter of 2021. Site restoration will be completed in spring/summer of 2021.