Minutes – Executive Policy Committee – March 13, 2023

Report – Standing Policy Committee on Public Works – March 7, 2023

Item No. 3 Contribution Agreement between The City of Winnipeg and His Majesty the King in Right of Canada for the Trees on Broadway Project under the National Infrastructure Fund – Large Projects Stream

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Public Works, as amended, and submitted the following to Council:

1. That grant funding be approved from His Majesty the King in Right of Canada in an amount of up to $3,090,000 from the National Infrastructure Fund – Large Projects Steam for the Trees on Broadway Project.

2. That the City enter into, execute, and deliver a contribution agreement with His Majesty the King in Right of Canada, and such other agreements as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements")

3. That authority be delegated to the Chief Financial Officer to negotiate and approve the terms and conditions of the contribution agreement with Her Majesty the Queen in Right of Canada, the Ancillary Agreements, and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

4. That, subject to Council approval of Recommendations 1 to 3, the 2023 Adopted Capital Budget – New Building Canada Fund (NBCF), Accelerated Regional Street Renewal Program (Project #1804101719-Dwtn-Brodway-Osborne-Main-NBCF) be increased by up to $5,421,000 to include the following funding:

    A. up to $3,090,000 from the grant from His Majesty the King in Right of Canada under the National Infrastructure Fund – Large Projects Stream;

    B. up to $694,500 from the Adopted 2022 Urban Forest Renewal Program;

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EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

C. up to $694,500 of unallocated funding from within the Regional and Local Street Renewal Program; and

D. up to $942,000 of funding received from Manitoba Hydro and recorded in Account 001-291230-181510.

5. That, subject to approval of Recommendations 1 to 4, the Trees on Broadway Project be approved and funding of up to $5,421,000 be allocated from the 2023 Adopted Capital Budget – New Building Canada Fund (NBCF), Accelerated Regional Street Renewal Program (Project #1804101719-Dwtn-Brodway-Osborne-Main-NBCF) to the Trees on Broadway Project.

6. That to align with the City's tree diversity guidelines and to improve the resiliency of the public canopy from invasive pests and climate change, a variety of tree species will be planted on the north and south boulevards. A variety of elms will be planted in the Broadway median boulevard to combine retention of heritage characteristics in the median and improved resiliency within the canopy.

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

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DECISION MAKING HISTORY:

Moved by Councillor Lukes,

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.

Carried

Moved by Councillor Lukes,

That the recommendation of the Standing Policy Committee on Public Works be concurred in with the following amendment:

- Delete Recommendation 6 in its entirety and replace with the following:

    "6. That to align with the City's tree diversity guidelines and to improve the resiliency of the public canopy from invasive pests and climate change, a variety of tree species will be planted on the north and south boulevards. A variety of elms will be planted in the Broadway median boulevard to combine retention of heritage characteristics in the median and improved resiliency within the canopy."

and forwarded to Council.

Yea:	Gillingham, Browaty, Lukes, Mayes, Orlikow, Rollins	6
Nay:		0

Carried

STANDING COMMITTEE RECOMMENDATION:

On March 7, 2023, the Standing Policy Committee on Public Works concurred in the recommendation of the Winnipeg Public Service, with the following amendment:

- Add the following new Recommendation 6 and renumber the remaining accordingly:

    "6. That all new trees planted shall be American Elms."

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

David Grant submitted a communication with respect to the matter.

ADMINISTRATIVE REPORT

Title: Contribution Agreement between The City of Winnipeg and His Majesty the King in Right of Canada for the Trees on Broadway Project under the National Infrastructure Fund – Large Projects Stream

Critical Path: Standing Policy Committee on Public Works – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
L. Nichols	J. Berezowsky	C. Kloepfer	M. Jack

EXECUTIVE SUMMARY

Over time, the trees on Broadway have succumbed to surrounding environmental stresses and disease. This has necessitated replacement plantings in conditions that neither reflect industry best practice, nor result in healthy long-term tree growth to provide the benefits of a canopy to mitigate the urban heat island effect in this area of Downtown. New technologies in sustainable underground infrastructure for trees in hardscapes now provide for improved growing environments while accommodating the many other demands for the same space.

The most cost-effective time to install these systems is during sidewalk or road renewal projects. The adopted 2022 Capital Budget identifies Broadway from Osborne Street to Main Street for street renewals under the New Building Canada Fund (NBCF), Accelerated Regional Street Renewal Program. Rehabilitation of Broadway is scheduled for 2023, however insufficient funds are available to fully support a *Trees on Broadway Project* component.

An opportunity was identified to apply for third-party funding from Infrastructure Canada's Natural Infrastructure Fund Large Project Stream to support this component. The City of Winnipeg's application was approved in principle in the amount of up to 60% of total eligible project expenditures, to a maximum of $3,090,000. Total project costs are currently estimated at $5,421,000 (Class 5 estimate). Funding for the remaining budget required is proposed as follows:

- $942,000 of funding from Manitoba Hydro to be utilized for tree planting.
- $694,500 of unallocated funding from within the Regional and Local Street Renewal Program.
- $694,500 from the 2022 Urban Forest Renewal Program.

The *Trees on Broadway Project* and the Broadway Street Renewal project are scheduled for 2023-2024 construction. Currently, the Provincial Agreement for the NBCF funding requires construction to be complete by October 31, 2023. The timeline for the Provincial contribution under the NBCF Agreement would need to be extended, subject to the Province's consent, to ensure the City receives Provincial funding. Discussions have occurred with the Province and a formal extension request will be made; however, the extension is at the discretion of the Province.

RECOMMENDATIONS

1. That grant funding be approved from His Majesty the King in Right of Canada in an amount of up to $3,090,000 from the National Infrastructure Fund – Large Projects Steam for the Trees on Broadway Project.

2. That the City enter into, execute, and deliver a contribution agreement with His Majesty the King in Right of Canada, and such other agreements as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements")

3. That authority be delegated to the Chief Financial Officer to negotiate and approve the terms and conditions of the contribution agreement with Her Majesty the Queen in Right of Canada, the Ancillary Agreements, and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

4. That, subject to Council approval of Recommendations 1 to 3, the 2023 Adopted Capital Budget – New Building Canada Fund (NBCF), Accelerated Regional Street Renewal Program (Project #1804101719-Dwtn-Brodway-Osborne-Main-NBCF) be increased by up to $5,421,000 to include the following funding:

    a. up to $3,090,000 from the grant from His Majesty the King in Right of Canada under the National Infrastructure Fund – Large Projects Stream;
    b. up to $694,500 from the Adopted 2022 Urban Forest Renewal Program;
    c. up to $694,500 of unallocated funding from within the Regional and Local Street Renewal Program; and
    d. up to $942,000 of funding received from Manitoba Hydro and recorded in Account 001-291230-181510.

5. That, subject to approval of Recommendations 1 to 4, the Trees on Broadway Project be approved and funding of up to $5,421,000 be allocated from the 2023 Adopted Capital Budget – New Building Canada Fund (NBCF), Accelerated Regional Street Renewal Program (Project #1804101719-Dwtn-Brodway-Osborne-Main-NBCF) to the Trees on Broadway Project.

6. 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 approval is required for the City to receive grants and enter into a contribution agreement with His Majesty the King in Right of Canada which are addressed in Recommendations 1 to 3.

Council approval is required to amend, modify, and/or increase adopted capital budgets by the amounts received as proposed in Recommendation 4 and 5.

IMPLICATIONS OF THE RECOMMENDATIONS

An extension will be required from the Province of Manitoba for the NBCF Broadway Street renewal project to reflect the 2023-2024 construction schedule. Should the Province not agree to the project extension beyond October 31, 2023, currently available funds within the Regional and Local Street Renewal program will be used to cover any shortfall and allow for successful completion of both projects.

The 2022 Regional and Local Street Renewal Program budget will be increased by up to $4,726,500 ($5,421,000 less $694,500 of unallocated funding from within the program). Total project budget for Project #1804101719-Dwtn-Brodway-Osborne-Main-NBCF will be increased from $10,710,000 to $16,131,500.

HISTORY/DISCUSSION

As part of its 2021 budget, the Government of Canada announced a $200 million Natural Infrastructure Fund. Over the next three years, the program will support projects that use natural or hybrid approaches to protect the natural environment, support healthy and resilient communities, contribute to economic growth, and improve access to nature for Canadians. Under this new program, up to $120 million will be invested in large natural infrastructure projects. Select major cities, including the City of Winnipeg, were invited to apply for funding of up to $20 million as a part of the Fund's Large Project Stream. Projects funded under this stream are expected to deliver multiple community services and co-benefits, such as climate change resilience, access to nature, jobs and economic growth, environmental quality, protection of biodiversity, and carbon sequestration.

On August 10, 2021, Infrastructure Canada invited the City of Winnipeg to make an application under the Natural Infrastructure Fund – Large Projects Stream. Once notified, the Public Service was required to review the program requirements and identify potential projects that would meet the program requirements.

On October 28, 2021, Council directed the Public Service to submit an application to the Large Project Stream of the Natural Infrastructure Fund for the *Trees on Broadway Project (*the "Project"). Funding for the City of Winnipeg's application was approved in principle in June 2022 for up to 60% of total eligible project expenditures, to a maximum of $3,090,000. Total Project costs are currently estimated at $5,421,000 (Class 5 estimate). Subject to Council approval, the remaining funds for the Project will be provided as follows:

- $942,000 of funding received from Manitoba Hydro to be utilized for tree planting recorded in Account 001-291230-181510.
- $694,500 of unallocated funding from within the Regional and Local Street Renewal Program; and
- $694,500 from the 2022 Urban Forest Renewal Program

The final budget increase will be adjusted to reflect actual grant funding earned in accordance with the terms of the Contribution Agreement with His Majesty the King in Right of Canada and the actual costs incurred for the removal of trees at the civic nursery, the funding from Manitoba Hydro that is to be utilized for tree planting, the transfer from the approved 2022 Urban Forest

Renewal Program Capital Budget and the surplus funding identified from the Regional and Local Street Renewal Program during the 2022 Open Capital Review process.

Due to the removal of trees for the Manitoba Hydro Transmission Line Project, the City of Winnipeg received $942,000 of monetary compensation from Manitoba Hydro to be invested back into tree planting at suitable locations to achieve a no net loss of canopy.

Usage of the unallocated funding from within the Regional and Local Street Renewal program will reduce contingency in the program by $694,500. Usage of this amount for the Trees on Broadway project is not expected to materially impact the delivery of the Regional and Street Renewal program.

The project will support sustainable urban forest management practices, specifically tree plantings and replacements, consistent with eligible works identified in the 2022 Urban Forest Renewal capital program.

A portion of the City funding required for sidewalk renewals as part of the Trees on Broadway Project will be undertaken as part of the street renewal project.

The Trees on Broadway Project and the Broadway Street Renewal Project are scheduled for 2023-2024 construction. Currently, the Provincial Agreement requires construction to be complete by October 31, 2023. The timeline for the Provincial contribution under the New Building Canada Fund (NBCF) agreement would need to be extended, subject to the Province's consent, to ensure the City receives Provincial funding. Discussions have occurred with the Province and a formal extension request will be made; however, the extension is at the discretion of the Province.

Should the Province not agree to the project extension beyond October 31, 2023, sufficient funds are currently available within the Regional and Local Street Renewal program to cover the shortfall and allow for successful completion of both projects.

Project Overview

Growing trees in urban environments is challenging due to poor soil conditions, lack of space for root and canopy growth, insufficient moisture availability or excess moisture due to poor drainage, winter road maintenance regimens, development and construction, and pollution. Long term exposure to these stressors often predispose trees to insect and disease disorders. Urban centers are concentrated urban heat islands due to the high proportion of impermeable surface area and are at high risk of increasing climate change impacts such as increased energy costs, air pollution, and heat-related illness and mortality. Establishing a tree canopy with new technologies in sustainable infrastructure for tree planting provides opportunities to mitigate these impacts. The greatest challenge in incorporating tree canopy in urban centers, such as Winnipeg's Downtown, is lack of volume of quality soil for root growth and systems for soil moisture management.

Broadway Avenue is an iconic tree-lined corridor in downtown Winnipeg. It is a high-density commercial and residential thoroughfare spanning ten city blocks flanked on the east by the Union Station, the Forks National Historic Site, and Upper Fort Garry Provincial Park, and on the west by the Manitoba Legislature. The sidewalks and median of Broadway were planted with American elm (*U. americana*) at the beginning of the 1900s. Due to the area's age, historic

significance and prominent location, the elms along Broadway hold special significance for Winnipeg residents and visitors.

Over time, the trees on Broadway have succumbed to the surrounding environmental stresses and disease, requiring replacement plantings in conditions that neither reflect industry best practice, nor result in healthy long-term tree growth to provide the benefits of a canopy to mitigate the urban heat island effect in this area of downtown. Tree replacements are planted in existing small 4’ x 4’ tree wells in sidewalks due to competing requirements for space along these pedestrian corridors. The planting sites are surrounded by concrete, and contain poor quality soil and inadequate soil volume where roots do not have the conditions required to provide the tree with a long healthy life.

New technologies in sustainable underground infrastructure for trees in hardscapes, such as modular suspended pavement systems, now provide for better growing environments and still allow room for the many other demands for the same space. This technology provides added benefits for stormwater management. One such system, Silva Cells, was installed on a block on Broadway in 2007, and two other installations have taken place in road reconstruction projects since that time. Tree establishment and growth have been successful in each of these installations. The most cost-effective time to install these systems is during sidewalk or road renewal projects. The adopted 2019-2022 Capital Budgets identifies Broadway from Osborne Street to Main Street for street renewal under the NBCF, Accelerated Regional Street Renewal Program with an authorized first charge on the 2023 Capital Budget as approved under the 2022 Capital Budget. The rehabilitation of Broadway is scheduled for 2023.

Insufficient funds are available to fully support a *Trees on Broadway* project component. The approved funding from the Natural Infrastructure Fund, and use of existing funds as described in this report, will provide the additional financial resources required to purchase and install the modular suspended pavement systems necessary for healthy and long-term tree growth, while at the same time improving stormwater management along this corridor.

The City has developed a vision and strategy for the trees on Broadway in which the use of these new technologies are deemed essential in sustaining this natural infrastructure in this iconic corridor of downtown Winnipeg for the long term.

FINANCIAL IMPACT

Financial Impact Statement

Date: January 24, 2023

Project Name:

First Year of Program **2023**

Contribution Agreement with The City of Winnipeg and Her Majesty the Queen in Right of Canada for the Trees on Broadway Project

	2023	2024	2025	2026	2027
Capital					
Capital Expenditures Required	$ 16,131,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	12,099,000	-	-	-	-
Additional Capital Budget Required	$ 4,032,000	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants - Natural Infrastructure Fund (NIF)	3,090,000	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Manitoba Hydro Funding	942,000	-	-	-	-
Total Funding	$ 4,032,000	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 4,032,000				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 8,681	$ 17,363	$ 17,363	$ 17,363	$ 17,363
Less: Incremental Revenue/Recovery	(562,510)	-	-	-	-
Net Cost/(Benefit)	$ 571,191	$ 17,363	$ 17,363	$ 17,363	$ 17,363
Less: Existing Budget Amounts	571,191	17,363	17,363	17,363	17,363
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Capital expenditures required of $16,131,000 represent the total cost of project #1804101719-Dwtn-Brodway-Osborne-Main-NBCF ($10,710,000) plus the Trees on Broadway component ($5,421,000). The existing budgeted costs above ($12,099,000) include the current approved budget for project #1804101719 ($10,710,000) plus a transfer from the 2022 Urban Forest Renewal Program ($694,500) plus $694,500 of unallocated funding from within the Regional and Local Street Renewal Program.

Additional capital expenditures total $4,032,000 and will be funded by $3,090,000 of Natural Infrastructure Fund (NIF) and $942,000 received from Manitoba Hydro.

Direct costs represent the estimated finance charges on external debt associated with 2022 Urban Forest Renewal Program funding. Incremental Revenue/Recovery represents Departmental Administration, Corporate Interest, and Administrative overheads.

J. Ruby, 2023-01-24

J. Ruby, CPA, CA

CONSULTATION

This Report has been prepared in consultation with:

- Legal Services, as to legal issues.

OURWINNIPEG POLICY ALIGNMENT

Environmental Resilience: 2.21 Leverage Green Infrastructure
Conserve, restore, and enhance the urban forest as a key contributor to air quality, erosion control, carbon sequestration, storm water management, efficient energy resource consumption, shade, improved health and wellbeing, and mitigation of and adaptation to the urban heat island effect.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Strategic Opportunity #7: Community Climate Resiliency
Strategize and implement opportunities to improve Winnipeg's resilience and adaptability to the effects of a changing climate.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Goal 6: All City Services are Equitable, Inclusive and Accessible

SUBMITTED BY

Department: Public Works
Division: Office of the Director
Prepared by: L. Nichols, Manager, Asset Management Office
Date: January 25, 2023