Minutes – Executive Policy Committee – July 5, 2023

Reports – Standing Policy Committee on Water, Waste and Environment – June 23, 2023

Item No. 1 Application to the Federal Disaster Mitigation and Adaptation Fund

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Water, Waste and Environment and submitted the following to Council:

1. That the Riverbank Stabilization – St. Cross Street between Anderson Avenue and Mortimer Place project outlined in the capital budget detail sheet included in Appendix A totaling $4.004 million be approved subject to final written confirmation of federal funding satisfactory to the Chief Financial Officer, and that the 2023 Capital Budget be amended to reflect same.

2. That increased funding of $433,000 for the D'Arcy Lift Station Load Shedding Upgrade, outlined in the capital budget sheet included in Appendix B, be approved subject to final written confirmation of federal funding satisfactory to the Chief Financial Officer, and that the 2023 Capital Budget be amended to reflect same.

3. That the Land Drainage and Combined Sewers Outfall Gate Structure Upgrades: Baldry and Doncaster projects and the Combined Sewer Overflow and Basement Flood Management Strategy: Rutland Trunk projects be advanced subject to final written confirmation of federal funding satisfactory to the Chief Financial Officer, and the 2023 Capital Budget be amended to reflect same.

4. That the Public Service be directed to submit the following four projects for Federal contribution funding under the Disaster Mitigation and Adaptation Fund:

    A. Riverbank Stabilization – St. Cross Street between Anderson Avenue and Mortimer Place.

    B. D'Arcy Lift Station Load Shedding Upgrade.

    C. Land Drainage and Combined Sewers Outfall Gate Structure Upgrades: Baldry and Doncaster.

    D. Combined Sewer Overflow and Basement Flood Management Strategy: Rutland Trunk.

Reports – Standing Policy Committee on Water, Waste and Environment – June 23, 2023

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

5. That, subject to fulfillment of the conditions set forth in Recommendations 1, 2 and 3, the City enter into, execute and deliver funding agreements with the Government of Canada that sets out the terms and conditions of federal 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.

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

Reports – Standing Policy Committee on Water, Waste and Environment – June 23, 2023

DECISION MAKING HISTORY:

Moved by Councillor Mayes,

That the recommendation of the Standing Policy Committee on Water, Waste and Environment be concurred in and forwarded to Council.

Carried

David Grant submitted a communication with respect to the matter.

STANDING COMMITTEE RECOMMENDATION:

On June 23, 2023, the Standing Policy Committee on Water, Waste and Environment concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: Application to the Federal Disaster Mitigation and Adaptation Fund

Critical Path: Standing Policy on Water, Waste and the Environment – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
D. Tooth	G. Patton	O. Garrett, acting for C. Kloepfer	M. Jack

EXECUTIVE SUMMARY

The Disaster Mitigation and Adaptation Fund (DMAF) is a Federal funding program that supports investments in public infrastructure to mitigate the potential economic, environmental and social impacts of climate change, and strengthens community resilience to disasters triggered by natural hazards and extreme weather events.

The overall objective of the DMAF is to strengthen the resilience of Canadian communities at risk of infrastructure failure that could result in:

- Threats to health and safety;
- Threats to critical infrastructure, including interruptions in essential services;
- Significant disruptions in economic activity; and/or
- Increasingly high costs for recovery and replacement.

Eligible infrastructure projects must involve new construction of public infrastructure and/or modification or reinforcement of existing public infrastructure and require a minimum of $1 million in eligible project costs to apply.

The four capital projects below meet the program criteria and are considered in this report:

Project Name	Cost Estimate (000's)	Project Approval Status
Riverbank Stabilization – St. Cross Street between Anderson Avenue and Mortimer Place	$ 4,004	Unapproved
D'Arcy Lift Station Load Shedding Upgrade	$ 1,808	$1.375m approved
Land Drainage and Combined Sewers Outfall Gate Structure Upgrades: Baldry & Doncaster	$ 5,547	Approved in principle, Forecasted in 2024-2025
Combined Sewer Overflow and Basement Flood Management Strategy: Rutland Trunk	$ 69,359	Approved in principle, Forecasted in 2024-2025

This report recommends Council approve the Riverbank Stabilization – St. Cross Street between Anderson Avenue and Mortimer Place project, approve an increase of $433,000 for the D'Arcy Lift Station Load Shedding Upgrade, advance the Baldry and Doncaster land drainage and combined sewers outfall gate structures upgrade and the Rutland Trunk combined sewer overflow and basement flood management projects, approved in principle, and to direct the Public Service to submit funding applications for all four projects outlined above and take advantage of the opportunity to cost share in 40% of eligible expenditures.

RECOMMENDATIONS

1. That the Riverbank Stabilization – St. Cross Street between Anderson Avenue and Mortimer Place project outlined in the capital budget detail sheet included in Appendix A totalling $4.004 million be approved subject to final written confirmation of federal funding satisfactory to the Chief Financial Officer, and that the 2023 Capital budget be amended to reflect same.

2. That increased funding of $433,000 for the D'Arcy Lift Station Load Shedding Upgrade, outlined in the capital budget sheet included in Appendix B, be approved subject to final written confirmation of federal funding satisfactory to the Chief Financial Officer, and that the 2023 Capital budget be amended to reflect same.

3. That the Land Drainage and Combined Sewers Outfall Gate Structure Upgrades: Baldry and Doncaster projects and the Combined Sewer Overflow and Basement Flood Management Strategy: Rutland Trunk projects be advanced subject to final written confirmation of federal funding satisfactory to the Chief Financial Officer, and the 2023 Capital budget be amended to reflect same.

4. That the Public Service be directed to submit the following four projects for Federal contribution funding under the Disaster Mitigation and Adaptation Fund:

    A. Riverbank Stabilization – St. Cross Street between Anderson Avenue and Mortimer Place.
    B. D'Arcy Lift Station Load Shedding Upgrade.
    C. Land Drainage and Combined Sewers Outfall Gate Structure Upgrades: Baldry and Doncaster.
    D. Combined Sewer Overflow and Basement Flood Management Strategy: Rutland Trunk.

5. That, subject to fulfillment of the conditions set forth in Recommendations 1, 2 and 3, the City enter into, execute and deliver funding agreements with the Government of Canada that sets out the terms and conditions of federal 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.

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 of projects is required in order to apply for funding under grants or contribution programs, as well as to make capital budget amendments.

IMPLICATIONS OF THE RECOMMENDATIONS

There are no immediate implications to the Recommendations of this report. Upon approval of this report, the Public Service will proceed with applications for funding consideration under the Disaster Mitigation and Adaptation Fund. If successful, a report to Council to accept the funds will be submitted and net borrowing authority of $2,453,000 will be required.

HISTORY/DISCUSSION

The Disaster Mitigation and Adaptation Fund (DMAF) is a funding program offered by the Government of Canada to support investments in public infrastructure that mitigates the potential economic, environmental and social impacts of climate change, and strengthens community resilience to disasters triggered by natural hazards and extreme weather events.

The overall objective of the DMAF is to strengthen the resilience of Canadian communities at risk of infrastructure failure that could result in:

- Threats to health and safety;
- Threats to critical infrastructure, including interruptions in essential services;
- Significant disruptions in economic activity; and/or
- Increasingly high costs for recovery and replacement.

Eligible infrastructure projects must involve new construction of public infrastructure and/or modification or reinforcement of existing public infrastructure and require a minimum of $1 million in eligible project costs to apply.

Natural hazard and extreme weather events include but are not limited to:

- Avalanche
- Drought
- Earthquake
- Erosion
- Extreme Temperature
- Flood
- Hurricane
- Landslides
- Permafrost thaw
- Sea Level Rise
- Storm
- Tsunami
- Wildland Fire

Eligible expenditures include capital cost, design and planning and expenditures related to meeting specific program requirements, such as climate change and resiliency assessments, creating community employment benefit plans, as well as federal environmental assessments and duty to consult requirements.

The maximum federal contribution from all sources of the total eligible expenditures is up to 40 percent for municipalities. The City is required to contribute funding for the remaining 60 percent

as well as all ineligible expenditures. The application period closes July 19, 2023, and projects approved under the program are to be substantially complete by December 31, 2032.

The Public Service has identified projects that meet the program criteria, summarized as follows:

Table 1: Projects for Federal Disaster Mitigation and Adaptation Funding

Project Name	Class of Estimate	Proposed Funding (in 000's)					
		Total Project Costs	Total Eligible Project Costs	Federal (40%)	City (Eligible)	City (Ineligible)	City Total
Riverbank Stabilization - St. Cross Street between Anderson and Mortimer Place	5	$ 4,004	$ 3,878	$ 1,551	$ 2,327	$ 126	$ 2,453
D'Arcy Lift Station Load Shedding Upgrade	1	$ 1,808	$ 1,751	$ 700	$ 1,051	$ 57	$ 1,108
Land Drainage and Combined Sewers Outfall Gate Structures Upgrades: Baldry and Doncaster	3/5	$ 5,547	$ 5,372	$ 2,149	$ 3,223	$ 175	$ 3,398
Combined Sewer Overflow and Basement Flood Management Strategy: Rutland Trunk	4	$ 69,359	$ 67,901	$ 27,160	$ 40,741	$ 1,458	$ 42,199
	Total	**$ 80,718**	**$ 78,902**	**$ 31,561**	**$ 47,341**	**$ 1,816**	**$ 49,157**

Riverbank Stabilization – St. Cross Street between Anderson Avenue and Mortimer Place

The work on St. Cross Street between Anderson Avenue and Mortimer Place is required in order to protect the Primary Line of Defense, accommodate future active transportation connectivity and is on the top10 list of riverbank sites considered at critical or significant risk levels requiring proactive or remedial action. The Class 5 estimate is based on recent bid information and is scalable.

D'Arcy Lift Station Load Shedding Upgrade

The D'Arcy Wastewater Lift Station needs to be reconfigured to allow the use of lift pumps to pump flows to the Red River during emergency high flow situations. During high river level conditions on the Red River, if pump capacity is lost at the South End Sewage Treatment Plant (SEWPCC) the risk to basement flooding is substantial. Currently, all of the land in Winnipeg south of Abinojii Mikanah (currently "Bishop Grandin Boulevard") and west of the Red River, plus the communities of Lindenwoods and Whyte Ridge, are serviced by the D'Arcy Wastewater Lift Station located at the Red River and the Fort Garry Bridge.

Approved funding to date totals $1.375 million. However, the current Class 1 estimate is $1.808 million, $433,000 higher than anticipated. A successful application to the DMAF will provide additional funding and reduce the required City share.

Land Drainage and Combined Sewers Outfall Gate Structures Upgrade: Baldry and Doncaster

The Baldry and Doncaster gate chamber upgrades are the next locations to be upgraded to meet minimum levels of service and install new gate chambers for flood control on both combined and separated sewer districts during high river level conditions. An engineering study has been undertaken to develop conceptual designs and cost estimates for adding flap gates and permanent pumping as required to ensure that all systems are adequately protected from river water intrusion.

Combined Sewer Overflow (CSO) and Basement Flood Management Strategy – Rutland Trunk

The Rutland Trunk is the next identified priority for sewer separation work reducing the effects of combined sewer overflows on our waterways as part of the CSO Master Plan. The plan is designed to take the current sewer system from collecting about 74 percent of overflow volume, to collecting and treating 85 percent of overflow volume by 2045.

Submitting these four applications represents an opportunity for the City to access $31.561 million in federal funding to support these projects that otherwise would be fully covered by City resources.

Debt Strategy

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

Subject to approval of the recommendations of this report, net additional borrowing authority of $2,453,000 is required.

$158 million of Tax Supported and $137 million of Utilities borrowing capacity will remain if Council approves the recommendations in this report. (based on 2023 borrowing estimates) The impact of this debt financing falls within the debt limits established in the Council Policy as outlined in the table below (next page):

Tax Supported net debt as a percentage of revenue not to exceed	80%
Forecasted peak rate including proposed debt from this report	56.3%
Utilities net debt as a percentage of revenue not to exceed	220%
Forecasted peak rate including proposed debt from this report	107.1%
Total City net debt as a percentage of revenue not to exceed	90%
Forecasted peak rate including proposed debt from this report	77.3%
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	9.6%
Total City debt servicing as a percent of revenue not to exceed	11%
Forecasted peak rate including proposed debt from this report	6.8%
Tax Supported Debt per Capita not to exceed	1,500
Forecasted peak rate including proposed debt from this report	1,149
Utilities Debt per Capita not to exceed	1,500
Forecasted peak rate including proposed debt from this report	1,178
Total City Debt per Capita not to exceed	2,800
Forecasted peak rate including proposed debt from this report	2,105

FINANCIAL IMPACT

Financial Impact Statement

Date: May 24, 2023

Project Name:

First Year of Program

2023

Application to the Federal Disaster Mitigation and Adaptation Fund

	2023	2024	2025	2026	2027
Capital					
Capital Expenditures Required	$ 80,718,000				
Less: Existing Budgeted Costs	1,375,000				
Additional Capital Budget Required	$ 79,343,000	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal					
Debt - External	2,453,000				
Grants (Enter Description Here)					
Reserves, Equity, Surplus	46,704,000				
Other - Disaster Mitigation Adaptation Fund	31,561,000				
Total Funding	$ 80,718,000	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 79,343,000				
Total Additional Debt Required	$ 2,453,000				
Current Expenditures/Revenues					
Direct Costs		$ 153,000	$ 310,000	$ 310,000	$ 310,000
Less: Incremental Revenue/Recovery		99,000			
Net Cost/(Benefit)	$ -	$ 54,000	$ 310,000	$ 310,000	$ 310,000
Less: Existing Budget Amounts					
Net Budget Adjustment Required	$ -	$ 54,000	$ 310,000	$ 310,000	$ 310,000

Additional Comments:

1. Capital Expenditures Required represents the full budget authorization requested for the four projects. Additional borrowing authority is required in the amount of $2,453,000 for Riverbank Stabilization – St. Cross Street.
2. Existing budgeted of $1,375,000 for capital consists of $800,000 adopted by Council in 2021 and $575,000 in 2023. Funded by Sewer Utility Retained Earnings.
3. Additional funding of $46,704,000 consists of Environmental Projects Reserve funding of $42,199,000 and Sewer Utility Retained Earnings of $4,506,000.
4. Direct Costs represent debt and finance charges on the incremental debt based on projected cash flows or estimated time of borrowing. Any additional incremental operating costs have not been included.
5. Incremental Revenue/Recovery represents the Interest and Administrative overheads to be applied on the City's tax-supported portion of project costs to be recovered into the General Revenue Fund.

Lucy Szkwarek, CPA, CGA May 24/23
Lucy Szkwarek, CPA, CGA
Manager of Finance & Administration

Mike McGinn May 24, 2023
Mike McGinn, CPA, CA
Manager of Finance - PPD

CONSULTATION

This Report has been prepared in consultation with:

- Planning, Property and Development
- Water and Waste
- Corporate Finance

OURWINNIPEG POLICY ALIGNMENT

Goal: Environmental Resilience

- Objective 1 – Prioritize the transition to a resilient, low-carbon future through demonstrated organizational and community leadership, and collaborative actions that mitigate and adapt to a changing climate
- Policy 2.2 – Climate Action Investment - Prioritize the long-term economic benefits of sustainability and climate action in municipal decision-making processes, including the budget, investment planning and procurement processes.

Complete Communities Direction Strategy 2.0 Section G2: Strategic Infrastructure and Resources

- Goal 9: Manage subdivisions and development along riverbanks and in areas that are known to be at risk of flooding by recognizing the value of protecting these lands and the natural limitations and risks associated with building in these areas.
- Policy 9.4.2: Encourage the establishment of public riverbank trails, parks and amenities weighing flood and instability-related risks, with the purpose of providing shared access to the river and the enjoyment of natural areas.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Strategic Opportunity 7: Community Climate Resiliency

- Key Direction 7.1 – Implement opportunities to improve Winnipeg's resilience and adaptability to the effects of a changing climate.
- Key Direction 7.3 – Preserve and manage parks and natural areas to support climate change mitigation.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Poverty Reduction Strategy (PRS) and its Goals and Objectives, and it was determined that the PRS is not applicable to this specific report.

SUBMITTED BY

Department: Assets and Project Management
Division: Major Capital Projects Oversight
Prepared by: D. Tooth, Acting Manager, Major Capital Projects Oversight
Date: June 8, 2023
File No: N/A

Attachments:

Project Detail Sheets

St. Cross Street Riverbank Stabilization between Anderson Avenue and Mortimer Place

D'Arcy Lift Station Load Shedding Upgrade

Land Drainage and Combined Sewers Outfall Gate Structures - Baldry Creek and Doncaster

Combined Sewer Overflow and Basement Flood Management Strategy - Rutland Trunk