

## Investing in Canada Infrastructure Program – Green Stream

### ISSUE

The Government of Saskatchewan (Saskatchewan) has invited the City of Saskatoon (City) to submit project applications for the Investing in Canada Infrastructure Program (ICIP) – Green Infrastructure stream. The Administration is seeking City Council approval of the potential list of projects for submission that meet the criteria of the program.

### RECOMMENDATION

1. That the Administration be directed to submit the proposed projects listed in Table 1 of this report to the Green Infrastructure stream for the Investing in Canada Infrastructure Program - Green stream; and
2. That His Worship the Mayor be directed to write a letter, on behalf of City Council, to the appropriate federal and provincial Ministers of the Crown requesting that the Government of Canada's financial contribution to the projects be reallocated from the City's Public Transit Infrastructure stream allocation to the Green Infrastructure stream.

### BACKGROUND

In October 2018, the Governments of Canada (Canada) and Saskatchewan signed an Integrated Bilateral Agreement (IBA) as a mechanism to deliver ICIP funding. Among other things, the IBA allocates \$896.3M in federal infrastructure funding to Saskatchewan through four distinct funding streams:

- \$307.9M for Public Transit Infrastructure;
- \$416.3M for Green Infrastructure;
- \$56.2M for Community, Culture, and Recreation Infrastructure; and
- \$115.9M for Rural and Northern Community Infrastructure.

Currently, the City has been allocated \$162.7M from Canada under the Public Transit Infrastructure stream (and potentially \$135.5M in matching funding from Saskatchewan). At the time of the agreement, the City received no dedicated allocation under the green; or community, culture and recreation streams.

The IBA requires that Canada will fund 40% of project costs, while Saskatchewan will fund 33.3%, and the City left with the remaining 26.7%.

In the summer of 2019, two City projects were approved for ICIP funding: (1) Shakespeare on the Saskatchewan and (2) Gordon Howe Sports Complex. Both projects qualified under the Community, Culture and Recreation stream of the ICIP. Funding was moved from the City's Public Transit Infrastructure allocation to the Community, Culture, and Recreation stream which was allocated to Saskatchewan to cover the federal share of the projects coming. As a result, Canada's remaining ICIP

allocation to the City is approximately \$158.7M, meaning that the City can invest in projects totalling \$396.7M.

**DISCUSSION/ANALYSIS**

The Ministry of Government Relations is conducting an intake process on potential projects for the ICIP Green Infrastructure stream. The Green Infrastructure stream has three project sub-streams:

- Disaster Mitigation, Adaptation, and Resilience sub-stream, which includes projects that increase structural and/or natural capacity to adapt to climate change impacts, natural disasters and/or extreme weather events;
- Environmental Quality sub-stream, which includes projects that:
  - increase capacity to treat and/or manage wastewater and storm water;
  - increase access to potable water; and/or
  - increase capacity to reduce and/or remediate soil and/or air pollutants; and
- Climate Change Mitigation sub-stream, which includes projects that improve energy efficiency.

Project intakes for the first two listed sub-streams close on May 27, 2020. Projects for the Climate Change sub-stream will close on a subsequent date yet to be determined.

As such, the following table lists the City’s proposed Green Infrastructure Stream projects.

Table 1 – Proposed Green Infrastructure Stream Projects

Project Name	Sub-Stream and Description	Total Eligible Costs (in millions)
Recovery Park	<ul style="list-style-type: none"> <li>• Environmental Quality</li> <li>• Material recovery facility to enable diversion of construction and demolition materials, household hazardous waste, and other items.</li> </ul>	\$19.50
Utility Scale Solar Power Plant	<ul style="list-style-type: none"> <li>• Climate Change Mitigation</li> <li>• Development of a solar power plant on Parcel M (a 13-acre undeveloped parcel located along Circle Drive South near Montgomery Place).</li> </ul>	\$ 3.50
Waste Water Treatment Plant North 40 Forcemain	<ul style="list-style-type: none"> <li>• Environmental Quality</li> <li>• Construction of a second forcemain from the Wastewater Treatment Plant site to the N40 Biosolids Handling Facility.</li> </ul>	\$31.70
Montgomery Drainage Improvements	<ul style="list-style-type: none"> <li>• Disaster Mitigation, Adaptation, and Resilience</li> <li>• Drainage path and culvert improvements for the ditch drainage system in the Montgomery neighbourhood.</li> </ul>	\$ 8.00

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Active Transportation Plan – Sidewalk Expansion	<ul style="list-style-type: none"> <li>• Climate Change Mitigation</li> <li>• Planning and installation of approximately 10 kilometers of new sidewalks on streets where there are currently no sidewalks.</li> </ul>	\$ 5.00
Imagine Idylwyld	<ul style="list-style-type: none"> <li>• Climate Change Mitigation</li> <li>• Increase green infrastructure, low impact development, and active transportation along Idylwyld Drive.</li> </ul>	\$15.75
Landfill Gas Expansion	<ul style="list-style-type: none"> <li>• Climate Change Mitigation</li> <li>• Increase methane capture and destruction of GHG from the landfill to 60% by 2027. The landfill gas collection system could be expanded through extension of the LFG header to the existing horizontal collectors for increased methane capture with additional generator and infrastructure for the expansion of the power generation facility.</li> </ul>	\$ 8.00
Spadina Lift Station	<ul style="list-style-type: none"> <li>• Environmental Quality</li> <li>• The Spadina Lift Station, first built in the 1940's and expanded since, is a critical component of the City's sanitary system that conveys more than 60% of the collected wastewater in the City's sanitary sewer system to a gravity sewer upstream of the H. McIvor Weir Wastewater Treatment Plant (WWTP). The Station has reached end of life and requires replacement through the construction a lift station in a new location.</li> </ul>	\$18.00
<b>Total ICIP Projects</b>		<b>\$109.45</b>

Note: The Eligible Costs included above are only the portion of the project that will be eligible for ICIP funding. It does not include ineligible costs such as internal costs or costs on components of the project that have already started.

As noted in the background section of this report, federal funding, or 40% of total eligible costs, for the City's proposed Green Infrastructure stream projects will come from the City's Public Transit Infrastructure allocation, subject to City Council approval. To enhance flexibility under the ICIP program, Canada and Saskatchewan have agreed to reallocate some of the City's Public Transit Infrastructure allocation to the Green stream. Saskatchewan requires an official letter from the City approving such a reallocation. There is no similar agreement between Canada and Saskatchewan to reallocate any additional Public Transit Infrastructure funding to the Community, Culture and Recreation stream.

Finally, some clarity on the differences between ICIP and other infrastructure programs is necessary. For example, unlike the recently announced Saskatchewan Municipal Economic Enhancement Program (MEEP), ICIP is not designed to act as a "stimulus" program. ICIP is an outcomes-based program that requires several pre-approval steps before projects are accepted for funding such as a climate lens assessment, Indigenous consultation, and in some cases, a community benefits analysis. While these may be important requirements and objectives, they add several months to the project approval process. Approved projects under ICIP also have a longer timeframe in which to be

completed than the MEEP projects. ICIP must be completed by 2027, whereas MEEP projects must be completed by 2022.

### **FINANCIAL IMPLICATIONS**

It is important to clarify that the original estimate for the eligible costs of the Recovery Park was \$12.8M. As noted in Table 1, that estimate increased to \$19.5M. This change does not affect the total approved project costs, but it means more funding can be allocated to this project due to changes in phasing of the project. Moreover, the Administration anticipates that less borrowing will be needed for the project. Notwithstanding this clarification, the Administration will report back on a funding plan for all projects within Table 1.

As Table 1 indicates, total eligible projects costs are estimated at \$109.45M. Based on the terms of IBA, the estimated costs for each order of government are as follows:

- Government of Canada - \$43.8M
- Government of Saskatchewan - \$36.5M; and
- City of Saskatoon - \$29.2M.

As a result, the reallocation of the Public Transit Infrastructure funding for \$43.8M will leave approximately \$114.9M in the City's Public Transit Infrastructure stream allocation. The City has earmarked \$100M in federal funding, \$250M in total, for the Bus Rapid Transit Project. Approximately \$14.9M in federal funds would be left for other potential projects.

To this point, there has been some speculation that the federal government will carve off 10% of the existing ICIP allocation to the provinces to create a COVID-specific ICIP stream. Such a stream is to act as more of a "stimulus" program. However, no official or specific direction has been provided by the federal government. Nonetheless, the Administration has set aside the \$14.9M in federal ICIP money for consideration to use if the federal government decides to create such a stream.

### **OTHER IMPLICATIONS**

There are no privacy, legal, or social implications identified.

The proposed projects in this report aim to improve a variety of environmental outcomes relating to clean drinking water, energy efficiency, and to manage extreme weather events. Because ICIP is an outcomes-based program, striving to achieve environmental goals and objectives are fundamental for obtaining project approval.

### **NEXT STEPS**

The Administration will report back to City Council at the appropriate time to create Capital Projects for those that do not have an existing project, and also to report on funding plans for each project.

**REPORT APPROVAL**

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