

Investing in Canada Infrastructure Program – Budget Adjustment

ISSUE

A budget adjustment is required to fund projects as conditional approval has been received for all eligible applications submitted under the Investing in Canada Infrastructure Program (ICIP).

RECOMMENDATION

1. That Capital Project 2468 Active Transportation Plan Implementation be increased by \$3,666,500 funded from ICIP funding;
2. That Capital Project 2051 Landfill Optimization be increased by \$4,020,500 of which \$2,742,500 is funded from ICIP funding and \$1,278,000 is funded from the Landfill Replacement Reserve;
3. That Capital Project 1619 Storm Sewer Trunk and Collection be increased by \$8,000,000 of which \$5,866,400 is funded from ICIP funding and \$2,133,600 is funded from the Storm Water Management Capital Reserve;
4. That Capital Project 2592 WW-Facility Upgrade N40/WW be increased by \$3,673,300 funded from ICIP funding;
5. That Capital Project 1243 WW-Lift Station Upgrades be increased by \$1,940,000 funded from ICIP funding; and
6. That the Wastewater Utility reallocate \$30,831,700 to a reallocation pool that can be used to fund prioritization projects during the 2022/2023 Business Plan and Budget Review.

BACKGROUND

In October 2018, the Governments of Canada (Canada) and Saskatchewan (Saskatchewan) signed an Integrated Bilateral Agreement (IBA) as a mechanism to deliver ICIP funding. Among other things, the IBA allocates \$896,300,000 in federal infrastructure funding to Saskatchewan through four distinct funding streams:

- \$307,900,000 for Public Transit Infrastructure;
- \$416,300,000 for Green Infrastructure;
- \$ 56,200,000 for Community, Culture, and Recreation Infrastructure; and
- \$115,900,000 for Rural and Northern Community Infrastructure.

Currently, the City of Saskatoon (City) has been allocated \$162,700,000 from Canada under the Public Transit Infrastructure Stream (and potentially \$135,500,000 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 Infrastructure Streams.

The IBA requires that Canada will fund 40% of project costs, while Saskatchewan will fund 33.33%, and the City will fund the remaining 26.67%.

City Council, at its meeting on February 24, 2020, approved the funding plan for the Recovery Park Project.

City Council, at its meeting on May 25, 2020, resolved that the Administration submit applications for the following projects to the Green Infrastructure Stream for the Investing in Canada Infrastructure Program:

- Recovery Park
- Utility Scale Solar Power Plant
- Wastewater Treatment Plant North 40 Forcemain
- Montgomery Drainage Improvements
- Active Transportation Plan – Sidewalk Expansion
- Landfill Gas Expansion
- Spadina Lift Station
- Imagine Idylwyld

All the above projects, except Imagine Idylwyld, have been conditionally approved for funding as of April 16, 2021. Imagine Idylwyld was deemed not qualified for the Green Infrastructure Funding Stream, therefore, the application was withdrawn.

DISCUSSION/ANALYSIS

All the above projects were applied for under the ICIP Green Infrastructure Stream, which consist of 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;
- Climate Change Mitigation sub-stream, which includes projects that improve energy efficiency.

To move forward with design/construction work on the ICIP projects, funding is required to be allocated to the capital projects for the Canada, Saskatchewan, and City contributions. All projects must be completed within dates set out in each project's Ultimate Recipient Agreement, with possible extensions for items outside of project control but no later than March 31, 2027. As such, the following information provides a brief project description for those projects and a breakdown of the contribution amounts.

Active Transportation Plan – Sidewalk Expansion

There is a need for sidewalk infrastructure in established neighbourhoods, as outlined in the City's Active Transportation Plan. This project would construct 8 km of sidewalks at the locations noted in Appendix 1, helping to eliminate gaps in the sidewalk network, particularly for locations with high pedestrian demand.

The total approved project of \$5,260,000 includes Canada and Saskatchewan contributions of \$3,666,500 and City contributions of \$1,593,500. The City contributions will be covered by part of the previously approved Municipal Economic Enhancement Program reallocation funding of \$3,000,000 within Capital Project 2468 Active Transportation Plan Implementation.

Landfill Gas Expansion

This project is broken into two parts. The first part, which will be undertaken by Water and Waste Operations, proposes to reduce the City's greenhouse gas emissions at the landfill from the current 50,000 tonnes CO₂e/year to approximately 80,000 tonnes CO₂e/year by expanding its Landfill Gas Collection Flaring System. This portion of the project totals \$4,020,500 which includes Canada and Saskatchewan contributions of \$2,742,500 and City contributions of \$1,278,000 funded through the Landfill Replacement Reserve within Capital Project 2051 Landfill Optimization.

The second part of the project undertaken by Saskatoon Light and Power will expand power generation from 1.6 MWs to 2.4 MWs by acquiring an additional generator to utilize the collected landfill gas. This project totals \$4,579,500 which includes Canada and Saskatchewan contributions of \$3,123,900 and City contributions of \$1,455,600. A further report will be forthcoming after completion of a feasibility study to request creation of a capital project and the City's source of funding.

The total approved project of \$8,600,000 includes Canada and Saskatchewan contributions of \$5,866,400 and City contributions of \$2,733,600.

Montgomery Place Drainage Strategy

Montgomery Place does not have underground storm sewer infrastructure and relies on drainage ditches and culverts to transfer water to the nearest storm sewer network. This project will improve the surface drainage through construction and rehabilitation of drainage ditches to reduce residential flooding.

Total eligible costs on the project are \$8,000,000 which include Canada and Saskatchewan contributions of \$5,866,400 and City contributions of \$2,133,600 funded by the Storm Water Management Capital Reserve within Capital Project 1619 Storm Sewer Trunk and Collection. In addition, the project has \$10,638,000 in ineligible costs that will be funded through Roadways and Water/Sewer preservation projects.

Utility Scale Solar Power Plant

Utilizing a City-owned 13-acre undeveloped parcel of land, this project will construct a utility solar power generation facility which will generate between 1 MW and 3 MWs. This clean power source will be connected to Saskatoon Light and Power's grid and will

help to reduce community greenhouse gases and support the City's Low Emissions Community Plan. It will also showcase the potential of solar power to the public.

The total approved project of \$3,735,000 includes Canada and Saskatchewan contributions of \$2,566,500 and City contributions of \$1,168,500. A further report will be forthcoming for Capital Project 1955 Utility Solar Scale Energy Implementation to increase the ICIP funding and address the City's portion of funding.

Saskatoon North 40 Force Main

This project involves the construction of a set of two new force mains to convey biosolids to the City's North 40 Biosolids Handling Facility to supplement an aging set of two force mains that exhibit chronic failure. The force mains will be 12.5 km long and are a critical upgrade for the operations of the Saskatoon Wastewater Treatment Plant as they convey biosolids to the biosolids handling facility and supernatant back to the main plant for further processing.

Capital Project 2592 WW-Facility Upgrade N40/WW is fully funded from borrowing as well as the Wastewater Treatment Capital Reserve. The Administration is proposing that ICIP funding be allocated fully to this project and an amount equal to \$19,572,300 be reallocated from the Utility into a reallocation pool that City Council can use to fund prioritization projects during the 2022/2023 Business Plan and Budget Review (\$23,245,600 in ICIP funding less 10% of the project cost, or \$3,673,300, that will remain in Capital Project 2592 to help offset ineligible administration costs of managing the project).

Spadina Lift Station

This project involves the replacement and remediation of the existing Spadina Lift Station which has reached its end of life. The Lift Station has undergone several expansions since it was first built in the 1940's. Currently, the Lift Station conveys more than 60% of the collected wastewater in the City's sanitary sewer system to the Wastewater Treatment Plant.

Capital Project 1243 WW-Lift Station Upgrades is fully funded from the Lift Station Capital Reserve as well as contributions from the Storm Water Capital Reserve and Preservation. The Administration is proposing that ICIP funding be allocated fully to this project and an amount equal to \$11,259,400 be reallocated from the Utility into a reallocation pool that City Council can use to fund prioritization projects during the 2022/2023 Business Plan and Budget Review (\$13,199,400 in ICIP funding less 10% of the project cost, or \$1,940,000, that will remain in Capital Project 1243 to help offset ineligible administration costs of managing the project).

FINANCIAL IMPLICATIONS

The City is responsible for 26.67% of the eligible costs and 100% of the ineligible costs through the ICIP, while Canada and Saskatchewan will contribute 77.33% of eligible costs.

Capital Project 2468 Active Transportation Plan Implementation requires an increase of \$3,666,500 for Canada's and Saskatchewan's ICIP funding. There is sufficient funding in the project from reallocated funding for the City's portion of the eligible and ineligible program costs.

Capital Project 2051 Landfill Optimization requires an increase of \$4,020,500 which includes \$2,742,500 of Canada and Saskatchewan contributions and \$1,278,000 for the City's portion of costs, which is to be funded from the Landfill Replacement Reserve. The Administration will bring forward a future funding report for the electrical generation portion of the project in the amount of \$4,579,500 for City Council consideration upon completion of a feasibility study.

Capital Project 1619 Storm Sewer Trunk and Collection requires an increase of \$8,000,000, which includes \$5,866,400 of Canada and Saskatchewan contributions and \$2,133,600 for the City's portion of costs, which is to be funded from the Storm Water Management Capital Reserve.

Capital Project 1955 Utility Solar Scale Energy Implementation requires an increase of \$2,556,500 for Canada's and Saskatchewan's ICIP funding. The Administration will bring forward a future funding report for the ICIP increase and to identify the City's portion of costs which will be funded through a green loan or the Electrical Extension Reserve.

Capital Project 2592 WW-Facility Upgrade N40/WW is fully funded for the total project amount of \$36,733,000. As such, the Administration is recommending that the portion of ICIP funding received from Canada and Saskatchewan in the amount of \$23,245,600 be allocated to this project, resulting in an increase to the project by \$3,673,300 for project contingency and a reallocation of funding from the Utility of the remaining ICIP funding of \$19,572,300 (\$23,245,610 in ICIP funding less 10% of the project cost, or \$3,673,300). The \$19,572,300 will be placed into a reallocation pool that will allow City Council to use these funds for prioritization projects during the 2022/2023 Business Plan and Budget Review.

Capital Project 1243 WW-Lift Station Upgrades is fully funded for the total project amount of \$19,400,000. As such, the Administration is recommending that the portion of ICIP funding received from Canada and Saskatchewan in the amount of \$13,199,400 be allocated to this project, resulting in an increase to the project by \$1,940,000 for project contingency and a reallocation of funding from the Utility of the remaining ICIP funding of \$11,259,400 (\$13,199,400 in ICIP funding less 10% of the project cost or, \$1,940,000). The \$11,259,400 will be placed in a reallocation pool that will allow City Council to use these funds for prioritization projects during the 2022/2023 Business Plan and Budget Review.

OTHER IMPLICATIONS

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

NEXT STEPS

The Administration will report back to City Council at the appropriate time to create a capital project for the Saskatoon Light and Power portion of the ICIP Landfill Gas Expansion, and also to report on funding plans for this and for Capital Project 1955 Utility Solar Scale Energy Implementation that has not fully identified a funding source.

As part of the multi-year business plan and budget process, the Administration will report on potential capital project options for the reallocated funding for City Council prioritization. This prioritization process will be part of the 2022/2023 Business Plan and Budget Review.

APPENDICES

1. Active Transportation Project – Sidewalk Locations

REPORT APPROVAL

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