

Investing in Canada Infrastructure Program Application Intake

ISSUE

The Administration is seeking City Council approval to submit applications for the projects identified in this report under the Investing in Canada Infrastructure Program.

RECOMMENDATION

That the Administration be directed to submit the proposed projects listed in Table 2 of this report to the Investing in Canada Infrastructure Program (ICIP) for the Bus Rapid Transit and East Leisure Center projects.

BACKGROUND

At its Regular Business meeting on June 27, 2016, City Council approved a preliminary scope of work that included planning and design of the Bus Rapid Transit (BRT) system, as well as other initiatives identified within the Growth Plan as part of the submission for federal funding under the Public Transit Infrastructure Fund.

At its Regular Business meeting on November 20, 2017, City Council approved the Recreation and Parks Master Plan – Facilities Game Plan Capital Priorities - Proposed Plan for Funding Strategy Including Partnership Reserve report. For the proposed 10-year capital priorities, the Game Plan identified a new district level Leisure Centre with an estimated capital cost of \$45 million (in 2017 dollars). The new Leisure Centre does not have a formalized funding plan, and the report noted more work would be required to determine potential funding sources. It was also noted the project funding could include contributions from other levels of government, partnership opportunities and City funding.

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 of Saskatoon (City) has been allocated \$162.7M from Canada under the Public Transit Infrastructure stream (and potentially \$135.5M in matching funding from Saskatchewan). The IBA requires that Canada will fund 40% of project costs, while Saskatchewan is obligated to fund 33.33%, and the City funds the remaining 26.67%. This means the City, in partnership with the other two orders of government, could invest a total of \$407 M in eligible projects.

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According to the rules of the IBA, the City could transfer money from the Public Transit stream to only the Green Infrastructure stream. As a result, the City did this to fund other environmental priority projects.

In 2018, the City received special approval to transfer part of its Public Transit Infrastructure Stream allocation to the Gordie Howe Bowl and Shakespeare on the Saskatchewan projects. With the approval of these and the Green projects, the City's remaining ICIP balance is approximately \$292 M as shown in table 1:

Contributor	Total Eligible Costs (in millions)
Canada (40%)	\$116.69
Saskatchewan (33.33%)	\$ 97.23
Saskatoon (26.67%)	\$ 77.81
Total	\$291.73

At its Regular Business meeting on May 25, 2020, City Council directed the Administration to submit applications on the following projects, to the Green Infrastructure Stream for the Investing in Canada Infrastructure Program:

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

All the above projects, except Imagine Idylwyld, were approved for funding. Imagine Idylwyld was deemed to not qualify for funding under the Green Infrastructure Stream and its application was pulled.

At its Regular Business meeting on May 24, 2022, City Council debated four options brought forward by Administration for a new East Side Leisure Centre and resolved that:

- “1. That Option 2 - YMCA Operates Facility as a New Joint Saskatoon YMCA/Leisure Centre be approved in principle as the proposed operating model for the new East Side Leisure Centre, in partnership with the Saskatoon YMCA; and
2. That the Administration be authorized to enter into discussions with Saskatoon YMCA to develop an Agreement in Principle for the development and operation of the new East Side Leisure Centre.”

DISCUSSION/ANALYSIS

The 2022/23 federal budget signalled that Canada wants all ICIP projects submitted by March 31, 2023, condensing the ICIP allocation timeline by two years. The budget also signalled that the projects must be completed by March 31, 2033, extending the construction deadline by six years from the date set in the IBA. As part of this change, there was some flexibility given to shifting ICIP funds from one stream to another. As a result, the Province of Saskatchewan has recently indicated the City can proceed to submit applications on its priority projects under the Public Transit Infrastructure Stream and the Community, Culture and Recreation Infrastructure Stream as listed in Table 2.

Project Name	Description	Total Eligible Costs (in millions) ¹
Bus Rapid Transit System - Red Line	Improvements to roadway, curb, intersection, drainage and public realm improvements on the East-West Corridor along 8 th Street East, Preston Ave, College Drive, 1 st Avenue North and 22 nd Street.	\$62.0
Bus Rapid Transit System – Green Line	Improvements to roadway, curb, intersection, drainage and public realm improvements on the East-West Corridor along Attridge Drive, Preston Ave, College Dr, 1 st Avenue North and 22 nd Street.	\$32.0
Bus Rapid Transit System – Blue Line	Improvements to roadway, curb, intersection, drainage and public realm improvements on the North-South Corridor along Preston Ave, 8 th Street East, Broadway Ave, 19 th Street East, 1 st Ave North, 25 th Street, Idylwyld Drive, 33 rd Street, Warman Road and Primrose Drive.	\$57.0
Bus Rapid Transit System – Supporting Network Improvements	Roadway, pathway, curb, intersection, drainage, and public realm improvements to improve ancillary transit routes connecting to the Red, Green and Blue BRT lines. <ul style="list-style-type: none"> - Includes stop and shelter improvements along routes. 	\$32.0
Bus Rapid Transit System – Intelligent Transportation System and Transit Signal Authority	Fiber optic network for a new intelligent transportation system and transit signal priority along ancillary transit routes connecting to the Red, Green and Blue BRT lines.	\$7.0
Bus Rapid Transit System – Fleet	Acquisition of new low floor battery electric and diesel buses, to replace/renew the existing fleet.	\$60.0
East Side Leisure Center	Construction of a new district leisure center to support the Holmwood Sector. <ul style="list-style-type: none"> - Facility amenities to potentially include a 25m pool, leisure pool, gymnasium, fitness spaces, weight room, multipurpose rooms/child minding spaces and supporting accessible locker/change/washroom facilities. 	\$40.5

¹ The Eligible Costs included above are only the portion of the project that will be eligible for ICIP funding. It does not include costs such as internal costs or costs on components of the project that have already started

As noted in Table 1, the City has approximately \$292M remaining to invest in ICIP eligible projects. The projects listed in Table 2 fully allocates the remaining balance. For clarity, bus replacements and the BRT hard infrastructure projects are estimated to cost \$250M. As such the remaining \$40.5 million is allocated to the East Side Leisure Centre. Administration is recommending this project for a few key reasons:

- a) it is considered to be a priority project for the City;
- b) the previous direction of City Council to use government funding to help fund the project;
- c) there are no other existing government programs of this magnitude to fund the project; and
- d) project construction timelines on the East Side Leisure Centre are a few years out meaning there is no urgency to start project construction in the short-term.

On the latter point, Canada simply wants to allocate the remaining ICIP money to eligible projects, but projects do not have to be completed until March 31, 2033.

There were other priority projects worthy of consideration such as the White Buffalo Youth Lodge. However, given the ICIP intake timelines and the readiness of this project, Administration believes it would be an ideal project to be funded under other Federal funding programs, such as the Green and Inclusive Community Buildings Program (GICB), which is due to have its second intake later this year. GICB has flexibility for retrofits and new building projects with retrofits reimbursed 80% on the first \$10.0 million in project costs and 60% on costs in excess. Timing of receiving funding under GICB may come in advance of what is anticipated under ICIP, as the BRT project is prioritized and the remaining funding may come in later years.

FINANCIAL IMPLICATIONS

At its 2022/2023 Preliminary Corporate Business Plan and Budget meeting on November 29 – December 1, 2021, City Council approved Capital Project P.02328 for the Bus Rapid Transit System. Currently no budget or funding plan exists for the East Side Leisure Center and a funding plan will be presented to City Council in the future with the details on how this project is to be financed. If successful with the ICIP applications, the City would be responsible for \$71.7 million in costs for the BRT project and \$25.3 million for the East Side Leisure Center, which includes both our share of eligible and all ineligible costs. Canada and Saskatchewan would be responsible for \$183.3 million for BRT and \$29.7 million for the East Side Leisure Center eligible costs. Table 3 identifies the funding breakdown between the different contributors.

Project	Canada Contribution (in millions)	Saskatchewan Contribution (in millions)	City Contribution (in millions)	Total Cost (in millions)
BRT	\$100.0	\$ 83.3	\$71.7	\$255.0
East Side Leisure Center	\$ 16.2	\$ 13.5	\$25.3	\$ 55.0
Total	\$116.2	\$ 96.8	\$ 97	\$310.0

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 Capital projects for those which do not have an existing project, and also report on funding plans for projects that have not fully identified their funding source.

REPORT APPROVAL

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