

CN Industrial Drainage Improvements – Natural Infrastructure Fund – Budget Adjustment Request

ISSUE

The cost of the CN Industrial Drainage Improvement project within P.01619.06 – Storm Sewer Trunk and Collection Capacity Program has increased from \$6.4 million to \$6.8 million. The project and original budget of \$6.4 million was approved for Natural Infrastructure Fund (NIF) funding with 60% of the project costs being paid for by the NIF Program (Government of Canada). City Council approval is required to transfer \$216,000 of existing funds within Capital Project P.00901 – Park Upgrades, Enhancement and Repairs, which contains unallocated NIF funds, resulting from project refinements since submission of the NIF application. Funding is available in Capital Project P.01619.06 – Storm Sewer Trunk and Collection Capacity Program to fund the 40% or \$144,000 of the increased project costs.

RECOMMENDATION

That the Standing Policy Committee on Environment, Utilities and Corporate Services recommend to City Council:

1. That Capital Project P.00901 – Park Upgrades, Enhancement and Repairs be reduced by \$216,000, with a decrease in allocation of the NIF funding; and
2. That Capital Project P.01619.06 – Storm Sewer Trunk and Collection Capacity Program be increased by \$216,000, to be funded by an increase in allocation of the NIF funding, available through contingency NIF program funds.

BACKGROUND

In December 2021, the City of Saskatoon (City) applied for \$20 million of funding from the NIF program to support 26 activities that involve creating, expanding, restoring, improving, or enhancing tangible natural infrastructure or hybrid infrastructure primarily for public use or benefit. The NIF funds 60% of eligible costs, with the City contributing 40% of the eligible costs plus all ineligible costs. Activities under the NIF program must be substantially complete by December 31, 2024.

At its Regular Business Meeting on April 26, 2023, during the consideration of the [Natural Infrastructure Fund Budget Adjustment](#) report, City Council approved:

1. That the Capital projects outlined in this report be increased to include funding from the Natural Infrastructure Fund;

Since the application, the activities have been refined regarding scope and budget. As a result, approximately \$971,800 in funding is currently available in the NIF contingency, that has yet to be allocated to a specific activity. To enable transfers between NIF activities, the unallocated NIF funding is being held in Capital Project P.00901 Park Upgrades, Enhancements, and Repairs, as per the approved *Natural Infrastructure*

Fund Budget Adjustment report, with the intent that this funding would be transferred to other NIF activities as projects are finalized.

In the original application, NIF Activity Number 3.1.1 of the CN Industrial Drainage Improvement project sought \$3.9 million in funding from NIF, with \$2.6 million in contributions from the City (Storm Water Utility), that resulted in the total approved eligible budget of \$6.4 million. Due to higher-than-expected construction costs, the project's NIF eligible costs are anticipated to be higher than the original budget. The new estimated total for the NIF contribution is \$4.1 million, with the City's contribution increased to \$2.7 million, resulting in a total updated eligible NIF cost estimate of \$6.8 million.

DISCUSSION/ANALYSIS

In the original application, NIF Activity Number 3.1.1 CN Industrial Drainage Improvement project included ditch grading and capacity improvements, standardized culverts for each ditch crossing, and an upgraded storm outlet for the intersection of Melville Street and Portage Avenue. Part of the storm outlet is to be installed through traditional open trench methodology, while the portion connecting the outlet pipe under the CN tracks to the existing storm pond at Cartwright Street will be installed through trenchless construction methods.

Project construction started in 2023 with some work carrying over to the 2024 construction season. It should be noted the scope of the project did not change; however, the expected total eligible cost estimate increased through the tendering process of the trenchless storm outlet contract. This design and pre-procurement cost estimate for the storm outlet to be installed through trenchless methodology was completed by an external consultant with an estimated construction cost of \$1.5 million. The awarded contract of the work is \$2.1 million. Offsetting the potential \$600,000 increase has been below expected costs on other phases of the project.

The revised eligible NIF costs are currently estimated to be \$6.8 million, which would increase the NIF contribution to \$4.1 million and the City contribution to \$2.7 million.

FINANCIAL IMPLICATIONS

If approved, the budget adjustment will be funded through a transfer of \$216,000 from the NIF contingency budget in Capital Project P.00901 Park Upgrades, Enhancement, and Repairs to Capital Project P.01619.06 Storm Sewer Trunk and Collection Capacity Program. In addition, the City will allocate an additional \$144,000 from the existing budget of P.01619.06 Storm Sewer Trunk and Collection Capacity Program to leverage the NIF contribution.

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Description	Estimated Amount
Original Total Eligible Cost Estimate	\$6,440,000
Original City Contribution (40%)	\$2,576,000
Original NIF Contribution (60%)	\$3,864,000
Additional Eligible Cost Request	\$360,000
Additional Eligible Cost Request City Contribution (40%)	\$144,000
Additional Eligible Cost Request NIF Contribution (60%)	\$216,000
Revised Total Eligible Cost Estimate	\$6,800,000
Revised City Contribution (40%)	\$2,720,000
Revised NIF Contribution (60%)	\$4,080,000

OTHER IMPLICATIONS

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

NEXT STEPS

The next steps are to complete the project scope as intended with the revised project cost estimate.

Report Approval

Written by: Mitch McMann, Storm Water Utility Manager
Reviewed by: Russ Munro, Director of Saskatoon Water
Approved by: Angela Gardiner, General Manager, Utilities and Environment

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