

# Natural Infrastructure Fund Budget Adjustments

### ISSUE

The Natural Infrastructure Fund (NIF) requires all construction to be substantially completed by December 31, 2025. To utilize all the Government funding, reallocation of NIF budgets among projects is required to ensure all eligible costs can be claimed.

### RECOMMENDATION

That the Standing Policy Committee on Finance recommend to City Council that the Capital Projects outlined in this report be adjusted for funding through the Natural Infrastructure Fund.

### BACKGROUND

In December 2021, the City of Saskatoon (City) applied for \$20 million to the NIF to support 26 activities which 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, 2025.

At its Regular Business [Meeting](#) on April 24, 2024, City Council resolved:

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.”

At its Regular Business [Meeting](#) on August 30, 2023, City Council resolved:

“That Capital Project P.01971 – Fire Training Facility be increased by \$240,000, to be funded by an increase in the allocation of the NIF funding, available through contingency NIF funds.”

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

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

At its Regular Business [Meeting](#) on November 22, 2021 City Council received an information report on NIF outlining the City of Saskatoon’s invitation to apply for the Large Project Stream from the Government of Canada.

## DISCUSSION/ANALYSIS

In July 2024, the City received confirmation that the NIF program was extended to March 31, 2026, with projects required to be substantially completed by December 31, 2025. Since the application and original budget setup, activities have been refined regarding scope and budget. As a result, approximately \$513,700 in funding is currently available in unallocated NIF funds available for transfer to activities requiring additional funds. 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.

### Park Development Kensington and Brighton

Additional funding in the amount of \$75,000 for Capital Project P.01570, Park Development Kensington and \$173,200 for Capital Project P.01576, Park Development Brighton is required from the unallocated funds to cover the following items:

- Increased contract amounts are greater than original estimates;
- Costs related to irrigation was not included in the original estimates for NIF Funding; and
- A change order was required to improve soil quality and seed mix in the project areas, as well as additional consulting services to oversee the seed mix revisions, soil improvement and site grading design.

Administration is recommending that \$248,200 be transferred from P.00901 Park Upgrades, Enhancements and Repairs and allocated to Capital Project P.01570, Park Development Kensington in the amount of \$75,000 and to Capital Project P.01576, Park Development Brighton in the amount of \$173,200. Adequate funding for the City portion of the costs exist within Capital Project P.01570 Park Development Kensington and Capital Project P.01576, Park Development Brighton. The additional NIF funds will increase the total project costs for these activities as outlined in Table 1.

Table 1

	Kensington Linear Parks	Brighton Storm Pond
Original NIF Funds	\$145,200	\$500,000
Additional NIF Funds	75,000	173,200
<b>Total NIF Funds</b>	<b>220,200</b>	<b>673,200</b>
Original City Funds	96,800	333,400
Additional City Funds available in project	50,000	115,400
<b>Total City Funds</b>	<b>146,800</b>	<b>448,800</b>
<b>Total Activity Cost</b>	<b>\$367,000</b>	<b>\$1,122,000</b>

### Regional Fire Training Facility

This project consisted of a naturalization retention pond, drainage ditches, a bioswale, and a related stormwater management system. To date this project has received \$1.4 million in funds with NIF contributing \$840,000 and the City \$560,000. The project costs have been fully spent and did not include a landscaping component for the stormwater retention pond that was delayed allowing the pond to fill and create suitable conditions for aquatic plant installation. To complete this phase of the project, Administration is recommending that additional funds in the amount of \$165,000 for Capital Project P.01971, Fire Training Facility, be transferred from the unallocated funds retained in Capital Project P.00901 Park Upgrades, Enhancement and Repairs. Sufficient funding for the City's portion of costs of \$110,000 are available within the project and no additional funding is required from City reserves or other sources.

### Downtown Business Improvement District

The original scope of work under this project was to look at alternate ways to plan empty tree cut outs, however, the focus changed towards creating a "meadowscape" and replacing the trees in the raised planters along 3rd Avenue from 19th Street to 22nd Street to help enhance biodiversity within the downtown area and pilot an alternative planting method. In addition, there was a request from the Downtown Business Improvement District to improve a city-owned parking lot on 4th Avenue adjacent streetscape by adding raised planters and plantings. These changes altered the scope and increased the cost of implementation, which requires additional funding of \$180,000 bringing the total cost of the activity to \$230,000. Administration is recommending a transfer of \$108,000 from the unallocated NIF funds in Capital Project P.00901 Park Upgrades, Enhancement and Repairs to Capital project P.02162, Urban Design - BIDS. Sufficient funds exist within the project for the Cities portion of costs of \$72,000.

### Returns to Unallocated NIF Funding

The Ceremonial Space activity under Capital Project P.10042, Indigenous Initiatives will no longer be proceeding as part of the NIF Green Network Project which allows for a \$210,000 return to the unallocated NIF funding in Capital Project P.00901 Park Upgrades, Enhancements and Repairs. This is based on:

- The City experienced delays filling the Indigenous Cultural Resource position, which was intended to support planning for this activity.
- Timeline and capacity constraints - e.g. an on-the-ground outdoor ceremonial site with natural infrastructure improvements will not be ready before the NIF deadline.
- A location(s) has still not been identified.
- Engagement with Indigenous Elders, knowledge keepers, ceremonialists and groups are still ongoing.
- The Contribution Agreement requires work to be competitively procured, whereas some ceremonial space components may be better suited to partnerships and/or sole source agreements.

Exploring opportunities for Ceremonial and Cultural Spaces is still a priority for the City; as such, conversations are ongoing.

The Management and Restoration Plans program under Capital Project P.02390, Green Infrastructure Strategy, is proposing a transfer of \$306,000 to Capital Project P.00901 Park Upgrades, Enhancements and Repairs. The activity received funding for Natural Area Management Plans and site enhancements at Richard St Barbe Baker Afforestation Area (RSBBAA). The activity was originally anticipating a federal contribution of \$697,500, but this was later adjusted to \$391,500.

The City's overall contribution towards the project remains the same, but several changes to the original budget reduced the City's eligible contribution, thereby reducing the amount that could be leveraged through NIF. The non-eligible changes included:

- Extending staff time after the initial NIF timelines were extended,
- Adding a landscape architect to oversee the construction tender, and
- Adding a construction warranty period.

After additional planning for the construction project, the overall scope of the construction was also reduced so that the work could realistically be achieved within the NIF timeframes. Since RSBBAA does not have an operating funding source, site enhancements with minimal operating impacts were also prioritized. Overall, this resulted in a lower construction cost than anticipated.

### FINANCIAL IMPLICATIONS

If the transfers outlined in this report are approved, the unallocated NIF Funds balance in Capital Project P.00901 Park Upgrades, Enhancements and Repairs, will be \$508,500 as shown in Table 2 and will be available for other approved projects requiring additional NIF Funding.

Table 2 – Unallocated NIF Funds

Beginning Unallocated NIF Funds within P.00901	\$513,700
Transfer to P.01570	(75,000)
Transfer to P.01576	(173,200)
Transfer to P.01971	(165,000)
Transfer to P.02162	(108,000)
Transfer from P.10042	210,000
Transfer from P.02390	306,000
<b>Remaining unallocated NIF Funds within P.00901</b>	<b>\$508,500</b>

### OTHER IMPLICATIONS

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

### NEXT STEPS

Administration will continue to monitor projects and report back in the future if additional adjustments are required to ensure all monies are spent under the NIF program.

**REPORT APPROVAL**

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