



To: Public Works and Transportation Committee

Date: May 25, 2016

From: John Irving, P.Eng. MPA
Director, Engineering

File: 10-6000-01/2016-Vol
01

Re: 2016 Flood Protection Program Funding

Staff Recommendation

1. That the Horseshoe Slough and No. 7 Road South Drainage Pump Station Upgrade capital projects be consolidated into a new 2016 Capital Project with the remainder of projects included in the provincial Flood Protection Program Contribution Agreement, as per the staff report titled "2016 Flood Protection Program Funding," from the Director, Engineering, dated May 25, 2016;
2. That \$2,710,249 of Drainage Development Cost Charges and a \$16,633,332 contribution from the Province of British Columbia be added to the 2016 Capital Budget; and
3. That the 5 Year Consolidated Financial Plan (2016-2020) Bylaw be amended to reflect the above recommendations.

John Irving, P.Eng. MPA
Director, Engineering
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Att.1

REPORT CONCURRENCE		
ROUTED TO: Finance Department	CONCURRENCE <input checked="" type="checkbox"/>	CONCURRENCE OF GENERAL MANAGER
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: DW	APPROVED BY CAO

Staff Report

This report supports Council's 2014-2018 Term Goal #6 Quality Infrastructure Networks:

Continue diligence towards the development of infrastructure networks that are safe, sustainable, and address the challenges associated with aging systems, population growth, and environmental impact.

6.1. *Safe and sustainable infrastructure.*

Origin

In April 2016, the City received \$16.63M of funding from the Province of British Columbia to rebuild four drainage pump stations and upgrade various sections of the dike. This amount was based on a 2/3 to 1/3 provincial/municipal split of the estimated capital cost.

The funding agreement requires that the project's construction must be completed by September 30, 2019. The purpose of this report is to seek Council's approval to utilize the City portion of funding for these projects, and to add the Province's funding contribution to the 2016 Capital Program.

Analysis

The projects included in the funding agreement with the Province are currently part of the Council approved 5 Year Financial Plan. The projects and planned funding are:

- Horseshoe Slough Drainage Pump Station Rebuild (2015, \$4.2M)
- No. 7 Road South Drainage Pump Station Rebuild (2016, \$4.5M)
- Shell Road North Drainage Pump Station Rebuild (2017, \$4.68M)
- No. 2 Road South Drainage Pump Station Rebuild (2018, \$7.4M)
- Dike Upgrades – 1.2km in Various Locations (2017-2020, \$6M)

A map showing the project locations is attached as Attachment 1.

The Horseshoe Slough and No. 7 Road South Drainage Pump Stations are currently included in the Capital Budget with \$8.7M of Council approved funding. The rest of the projects are not currently funded given that they are in future years of the 5 Year Financial Plan.

\$2,710,249 of Drainage Development Cost Charges (DCCs) are available for the No. 2 Road South and Shell Road North Drainage Pump Stations. These funds are in the 5 Year Financial Plan for 2017 and 2018, but have not yet been approved by Council in a Capital Budget.

The \$16.63M of provincial funding will replace an equal amount of City funding that would have otherwise been required to construct these projects. This funding alleviates budget pressure and advances projects in a more timely manner.

Although the grant funding is based on a 2/3 to 1/3 split (\$16.6M/\$8.3M based on project estimates at the time of grant application), the Contribution Agreement with the Province lists a number of items that are not eligible for Provincial funding. This includes land acquisition, costs

for any City employees or City owned equipment, costs incurred prior to March 23, 2016 and legal fees. In order for the City to maximize the grant funding and account for the ineligible costs, the total City funding must be increased.

Staff recommend that the existing Horseshoe Slough and No. 7 Road South Drainage Pump Station capital projects (CD00010 and CD00018) be consolidated into one project along with the remainder of the provincially funded projects. Having one overall project will simplify the preparation of the reports and audits required by the Province. Total funding for this project would be \$28.04M (\$16.63M Provincial and \$11.41M City, see Table 1).

Table 1 – Financial Summary

Funding Source	Funding
Horseshoe Slough and No. 7 Road South Pump Stations (Council Approved)	\$ 8,700,000
Drainage DCC (Recommended Funding Source)	\$ 2,710,249
Provincial Grant	\$ 16,633,332
Total Required Funding	\$ 28,043,581

Financial Impact

The total capital cost is \$28.04M. A total of \$8.7M of funding was previously approved by Council. Funding of \$2.71M is available from the Drainage DCC Reserve. \$16.63M of funding has been provided from the Province of British Columbia.

The 5 Year Consolidated Financial Plan (2016-2020) Bylaw will be amended to reflect these changes if approved.

Conclusion

The Province of British Columbia has agreed to provide the City with \$16.63M of Flood Protection Program funding to rebuild four drainage pump stations and upgrade various sections of the perimeter dike. Including these projects in the 2016 Capital Program will help ensure that the projects are completed within the deadlines set by the Province.



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MC:mc
 Att.1 - Project Locations

