



REPORT

Report Date: February 13, 2020
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Meeting Date: March 10, 2020

[Submit comments to Council](#)

TO: Vancouver City Council

FROM: General Manager of Finance, Risk and Supply Chain Management in consultation with the General Manager of Engineering Services

SUBJECT: Funding Application to Green Infrastructure – Environmental Quality Program – Hastings Sunrise Sewer Renewal and Green Infrastructure Project

RECOMMENDATION

THAT Council approve a funding application to the Investing in Canada Infrastructure Program (ICIP) – BC – Green Infrastructure – Environmental Quality Sub-Stream for \$25.8 million towards the Hastings Sunrise Sewer Renewal and Green Infrastructure project;

FURTHER THAT subject to the successful application for funding, Council commits to contribute the City's share of up to \$13.1 million of eligible project costs and all of the ineligible project costs, funded from the 2019-2022 Capital Plan for Sewer Renewal Program. Upon successful application for funding and in accordance with the City's Capital Budget Policy, staff will bring forward to Council details of the eligible project scope and costs and a request for formal approval of the Multi-Year Capital Project Budget and related Annual Capital Expenditure Budget.

REPORT SUMMARY

The City's 2019-2022 Capital Plan funding strategy contemplates securing of senior government contributions toward a number of Council priorities, including the renewal of the existing infrastructure and the implementation of green initiatives.

The funding application supports the Greenest City Action Plan.

This report seeks Council's approval for:

- a) a funding application for the Hastings Sunrise Sewer Renewal and Green Infrastructure project (the “Project”) to the second intake of the Investing in Canada Infrastructure Program - British Columbia - Green Infrastructure - Environmental Quality sub-stream (the “Program”); and
- b) up to \$13.1 million of the City’s share of the funding, with the funds being allocated from the 2019-2022 Capital Plan.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

In July 2018, Council approved the 2019-2022 Capital Plan, which included 45-50km of sewer main renewal and upgrades with the objective of replacing these ageing combined sewer pipes with separated sewer pipes. The Project is a component of the sewer renewal and upgrades envisaged in the aforementioned Capital Plan.

The Program requires the applicant to produce a Council resolution showing support for the Project within one month after the submission deadline of February 26, 2020.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The General Manager of Finance, Risk and Supply Chain Management and the General Manager of Engineering Services recommend approval of the report.

REPORT

Background/Context

The Program is a component of the wider Investing in Canada Infrastructure Program (ICIP) which will provide funding through an Integrated Bilateral Agreement between Canada and British Columbia for 4 streams: Green Infrastructure; Community, Culture and Recreation Infrastructure; Rural and Northern Communities Infrastructure; and Public Transit.

Canada and British Columbia’s governments announced in September 2019 that they are investing up to \$150 million towards the second intake of the Green Infrastructure – Environmental Quality Sub-Stream.

The Program focuses on infrastructure that will support improvements in quality and management of drinking water, wastewater and stormwater, as well as reductions of soil and air pollutants through solid waste diversion and remediation.

Eligible projects will support public infrastructure, defined as tangible capital assets primarily for public use and benefit, and must meet at least one of the following outcomes:

- Increased capacity to treat and/or manage wastewater and stormwater
- Increased access to potable water
- Increased capacity to reduce and/or remediate soil and/or air pollutants

The maximum grant available under this sub-stream is 73.33% of eligible project costs (40% and 33.33% from the federal and provincial contributions, respectively). The application

deadline was February 26, 2020. An application was submitted before the deadline. However, the application is complete only when accompanied by a Council resolution in support of the application and the Project. The Council resolution can be submitted within one month after the aforementioned February deadline.

In scoping out the project that is submitted, City staff reviewed projects that meet the requirements of the Program and are contemplated in the 2019-2022 Capital Plan.

An application based on this Project was submitted to the first intake of the Program in 2018. The Program administrators informed that the Project aligns well with the desired outcomes for the funding. They also provided valuable feedback for improving the application including (i) provision of additional information on how the Project can be phased and details on the scope, budget and schedule for the different phases, (ii) increased accuracy of the cost estimates, (iii) detailed description of the Asset Management Planning process and (iv) how the Project will allow the City to meet regulatory standards. This feedback has been incorporated in drafting the current application.

Strategic Analysis

The Project is part of the City's ongoing sewer renewal efforts to address the problem of aging infrastructure. Along with renewal, separation of combined sewers is included in response to the regulatory requirements to eliminate combined sewer overflows by 2050, as stipulated in Metro Vancouver's Integrated Liquid Waste and Resource Management Plan (ILWRMP). Green infrastructure works are also integrated into the Project to address the impacts of the future stormwater system on water quality of receiving waters, which is another requirement of the ILWRMP. In addition, the integration of green infrastructure supports the implementation of the Council-approved Rain City Strategy goals to improve and protect Vancouver's water quality, increase Vancouver's resilience through sustainable water management, and enhance Vancouver's liveability by improving natural and urban ecosystems.

The Project will replace sections of the existing combined sewer system that is currently near the end of its service life, with a separated sewer system, which together with the installation of green infrastructure, will improve water quality, better manage rainwater, reduce flooding, enhance the sewer system's resilience to climate change, and reduce volumes to the Cassiar Outfall (which is Vancouver's 2nd highest volume Combined Sewer Overflow). The Project will involve installation of 6.2 km of new separated storm and sanitary sewers, as well as the installation of 65 green infrastructure assets to retain and treat stormwater runoff. The Project work area is approximately 720,000 square metres bounded by Renfrew and Rupert Street to the west and the east respectively, and Kitchener Street and 6th Avenue to the north and south respectively.

The Project detailed design was awarded through an RFP process to an external consultant in May 2018. Design work commenced immediately following RFP award and is scheduled for completion in March 2020. Construction tendering for a portion of the work is anticipated to commence following notice of funding award in 2021 with construction completion in 2025.

Public/Civic Agency Input (if applicable)

The City engaged with the host First Nations (FNs) on the conceptual project outcomes & will continue to engage with them as part of its quarterly meetings. More specifically, the engagement strategy with the host FNs comprise:

- 1) Initial Contact:
 - a. The City's Archaeological Consultant obtained Heritage Research/Investigation permits from host FNs to conduct an Archaeological Overview Assessment (AOA). All requisite permits were obtained.
- 2) Communication during Design & Implementation Planning:
 - a. Archaeological Consultant has prepared an AOA report, which has been shared with host FNs.
- 3) Communication During Construction:
 - a. COV will appoint an Archaeological Consultant to obtain new FN permits to conduct the Archaeological Impact Assessment (AIA). This consultant will monitor construction at locations identified in the AOA. Host FNs will also be invited to monitor.

Implications/Related Issues/Risk (if applicable)

Financial

In the 2019-2022 Capital Plan, \$245 million is contemplated for the sewer & drainage renewal program. The Project is estimated to cost approximately \$38.9 million (\$35.2 million of which are eligible costs under the Program), with \$25.8 million of those costs being eligible for the funding application. Staff recommend that the City request the maximum \$25.8 million in funding based on 40% (\$14.1 million) federal and 33.33% (\$11.7 million) provincial contributions of the \$35.2 million in eligible costs. The City will fund the remaining \$13.1 million, funded from the 2019-2022 Capital Plan.

Upon successful application for funding and as per the City's Capital Budget Policy, staff will bring forward to Council details of the eligible project scope and costs and a request for formal approval of the Multi-Year Capital Project Budget and related Annual Capital Expenditure Budget.

CONCLUSION

The City has an opportunity to apply for \$25.8 million under the Program. The Project is a priority for both sewer renewal and an opportunity to deliver a significant investment in green infrastructure which supports the City's Greenest City and Rain City Strategy goals.

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