



## ADMINISTRATIVE REPORT

Report Date: November 23, 2016  
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Meeting Date: November 30, 2016

TO: Standing Committee on Policy and Strategic Priorities

FROM: General Manager of Finance, Risk and Supply Chain Management and  
General Manager of Engineering Services

SUBJECT: Funding Applications to Federal-Provincial Clean Water and Wastewater  
Fund

### *RECOMMENDATION*

- A. THAT Council approve a funding application to the Federal-Provincial Clean Water and Wastewater Fund for \$9.69 million for the Vancouver South Sewer Separation Project; and
- FURTHER THAT Council commit \$3.31 million in City funding to this project from the Sewer Separation allocation in the 2015-2018 Capital Plan.
- B. THAT Council approve a funding application to the Federal-Provincial Clean Water and Wastewater Fund for \$17.32 million for the Vancouver West Sewer Separation Project; and
- FURTHER THAT Council commit \$6.01 million in City funding to this project from the Sewer Separation allocation in the 2015-2018 Capital Plan.
- C. THAT Council communicate to the Federal and Provincial governments that funding from the Clean Water and Wastewater Fund would be incremental to the City's \$110 million Sewer Separation allocation in the 2015-2018 Capital Plan.

## **REPORT SUMMARY**

The successful implementation of the City's 2015-2018 Capital Plan requires the securing of external funding. This report seeks Council's approval for submitting two funding applications to the Clean Water and Wastewater Fund (CWWF), a joint Federal-Provincial initiative, in support of two infrastructure renewal projects to be implemented by the City.

## **COUNCIL AUTHORITY/PREVIOUS DECISIONS**

Federal and Provincial funding programs typically require a resolution of Council as part of the application package.

## **CITY MANAGER'S/GENERAL MANAGER'S COMMENTS**

The General Manager of Finance, Risk and Supply Chain Management recommends approval of the report.

## **REPORT**

### ***Background/Context***

On March 22, 2016, the Federal government announced in its [2016 Budget](#) the creation of a new [Clean Water and Wastewater Fund](#) (CWWF) for provinces, territories and municipalities, committing to invest \$2.0 billion over four years, starting in 2016-17, with the Federal government funding up to 50 per cent of eligible costs.

On September 28, 2016, the [Provincial government](#) announced it was committing \$148.5 million toward the new CWWF, with the Provincial government funding up to 33 per cent of eligible costs.

On September 30, 2016, the Federal and Provincial governments signed a [bilateral agreement on the CWWF](#). The Federal government will contribute \$225.1 million toward eligible projects in British Columbia.

The combined amount from the Federal and Provincial governments is \$373.6 million.

The purpose of the CWWF is to "help accelerate short term local government investments", i.e. to provide supplemental funding over and above what municipalities would otherwise make. The CWWF has three objectives:

- Economic Growth through Increased Capacity or Lifespan of the Asset;
- Clean Environment through Improved Environmental Outcomes; and
- Building Stronger Communities through Enhanced Service.

The CWWF identifies five categories of eligible projects:

- rehabilitation of water treatment and distribution systems, and wastewater and storm water collection, conveyance and treatment systems;
- separation of existing combined sewers and/or combined sewer overflow control;
- initiatives that support system optimization and improved asset management;
- design and planning for upgrades to wastewater treatment infrastructure to meet federal regulatory requirements; and
- new construction projects, including the construction of naturalized systems for management and treatment of wastewater and storm water.

Other parameters of the CWWF include:

- eligible projects must start construction after April 1, 2016 and complete construction by March 31, 2018;
- there is no cap as to how much CWWF funding a project can receive;
- municipalities are allowed to submit two funding applications; and
- a Council resolution supporting each funding application is required.

The deadline for submitting applications is November 23, 2016. Municipalities are allowed to submit Council resolutions after the deadline.

### *Strategic Analysis*

The City's top water/wastewater priority for senior government funding is the sewer separation program. This priority was identified when the 2015-2018 Capital Plan was prepared in 2014 and reiterated in the City's pre-budget submission to the Federal government in February 2016 and to the Provincial government in October 2016.

As part of the 2015-2018 Capital Plan, the City would invest \$110 million in City funding with the hope that senior governments would fund at least an additional \$20 million. The combined \$130 million would allow for the increased separation of the combined sewer system over the 4-year period to meet our regulatory requirement of sewer separation by 2050.

The new CWWF presents an excellent opportunity for the City to access senior government funding in order to increase the pace of sewer separation and lessen the impact of 'combined sewer overflows' during large rain events.

Staff is recommending the following two eligible projects be submitted to the CWWF:

- **Vancouver South Sewer Separation Project**  
This project involves 1.4 km of large diameter trunk size sewer separation in the area bounded by W 41<sup>st</sup> Avenue, Oak Street, W 49<sup>th</sup> Avenue and Cambie Street. The project will yield environmental benefits (reduction of combined sewer overflows into the Fraser River), improved service levels to existing residents (reduction in flooding events) and economic outcomes (supports the planned residential and commercial growth in the Cambie Corridor). The project is estimated to cost \$13 million.

- Vancouver West Sewer Separation Project**  
 This project involves 8.8 km of branch size sewer separation in the neighbourhoods west of Arbutus Street. The project will lead to the renewal of the sewer system (replacement of pipes approaching end-of-life) and yield environmental outcomes (reduction of combined sewer overflows into English Bay and the Fraser River). The project is estimated to cost \$23.33 million.

*Implications/Related Issues/Risk (if applicable)*

*Financial*

A total of \$110 million in City funding was allocated to the sewer separation program in the 2015-2018 Capital Plan. The hope was that senior governments would fund at least an additional \$20 million to supplement City funding.

The City is seeking approximately \$27 million in CWWF funding for two sewer separation projects, as follows:

	Vancouver South Sewer Separation Project	Vancouver West Sewer Separation Project	Total
Total project cost:	\$13.0 M	\$23.33 M	\$36.33 M
Ineligible costs (to be funded by City):	\$1.33 M	\$2.46 M	\$3.79 M
Eligible costs:	\$11.67 M	\$20.87 M	\$32.54 M
CWWF share (83%)	\$9.69 M	\$17.32 M	\$27.01 M
City share (17%)	\$1.98 M	\$3.55 M	\$5.53 M
Total City share (ineligible costs + 17% share of eligible costs)	\$3.31 M	\$6.01 M	\$9.32 M

If either or both applications are successful, staff will report back to Council to adjust the project budgets via the Quarterly Budget Adjustment report.

**CONCLUSION**

The City has the opportunity to secure up to \$27 million in senior government contributions by applying for two capital projects to the new Federal-B.C. Clean Water and Wastewater Fund.

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