

January 14, 2015

To: Members,
Executive Committee

Re: New Building Canada Fund (NBCF)

RECOMMENDATION

1. That the following projects be approved for consideration by the federal and provincial governments under the first intake of the New Building Canada Fund (NBCF) in the following priority order:
 - a. Transit Maintenance Facility with an estimated total project costs of \$30 million
 - b. Winnipeg Street Overpass with an estimated total project cost of \$28 million
 - c. Regina Revitalization Initiative – Railyard Renewal with estimated total project costs of \$67 million
 - d. Septage Receiving Station with an estimated total project costs of \$10 million
 - e. Ring Road Victoria Ave overpass with an estimated total project costs of \$10 million
 - f. Buffalo Pound Water Upgrades with an estimated total project costs of \$36 million.
 - g. Albert and Saskatchewan Drive Intersection improvement with an estimated total project costs of \$7.5 million.
2. That the City Manager or his designate be authorized to prepare, negotiate, review and submit applications for funding through the NBCF for the projects identified in recommendation one in accordance with the terms and conditions of the NBCF program.
3. That the City Manager report back to Executive Committee on the progress of discussions with the provincial government and the status of the application process.
4. That this report be forwarded to the January 26, 2015 meeting of City Council for approval.

CONCLUSION

On November 24, 2014, the provincial government announced the program details for the NBCF. The Administration has identified potential options for NBCF based on the priorities identified by the Government of Saskatchewan. The purpose of this report is to receive City Council approval on a list of projects to be considered for funding under the NBCF.

BACKGROUND

The Government of Canada announced the framework for the New Building Canada Plan in its 2014 budget. In April of this year, the federal government indicated that they are “open for business” to receive applications for funding. However, there were a number of program details that required further development and clarification between the provincial and federal governments before the NBCF was released in Saskatchewan.

The NBCF includes three primary components:

Federal Commitment Under Building Canada		Saskatchewan's Share
National Infrastructure Component (NIC)	\$4 Billion/ 10 years	This is a National fund open to all applicants across the country on a merit basis. \$436.7 million over 10 years
Provincial/Territorial Infrastructure Component (PTIC)	\$9 Billion/ 10 years	
Small Communities Fund	\$1 Billion/ 10 years	

Eligible projects under the National Infrastructure Component (NIC) and Provincial-Territorial Infrastructure Component (PTIC) will be for the construction, renewal, rehabilitation or material enhancement of infrastructure for public use or benefit.

Below is a table that summarizes the categories eligible for funding:

National Infrastructure Component (\$4 billion over 10 years)	Provincial-Territorial Infrastructure Component (\$10 Billion over 10 years)
Highways and Major Roads	Public Transit
Public Transit	Disaster Mitigation Infrastructure
Rail Infrastructure	Connectivity and broadband
Local and Regional Airports	Innovation (infrastructure at post-secondary institutions that supports advanced research and teaching)
Port Infrastructure	Wastewater
Intelligent Transportation Systems	Green Energy
Disaster Mitigation Infrastructure	Drinking Water
	Solid Waste Management
	Brownfield Redevelopment
	Local and Regional Airports
	Short-line Rail
	Short-sea Shipping
	Northern Infrastructure (territories only)

The Administration met with members of Council of December 15, 2014 and had provided a list of potential projects to be considered for funding under the NBCF program. The projects that are included in this report are the same as those that were presented at that time.

DISCUSSION

New Building Canada Fund (NBCF) – Provincial Funding Distribution

On November 24th, the Government of Saskatchewan announced that it would be accepting applications for funding from eligible applicants for the National Infrastructure Component (NIC) and Provincial-Territorial Infrastructure Component (PTIC), which includes the Small Communities Fund.

The PTIC component will form the core funding for municipal infrastructure projects, with \$436.7 million in funding allocated to Saskatchewan over ten years to support infrastructure projects of national, regional and local significance that contribute to objectives related to economic growth, a clean environment and stronger communities. The \$436.7 million includes funding to the Small Communities Fund that Regina would not be eligible to apply for.

The provincial government has divided the PTIC into the following:

- \$196.5 million toward projects that are provincial in nature – this funding will be allocated by the Government of Saskatchewan.
- \$240.2 million towards all other eligible PTIC applications – this will constitute the funding available to municipalities in addition to all other eligible applicants (i.e. First Nations, Universities etc.). It is important to note that \$43 million of the \$240 million will be allocated to the Small Communities Fund.

The PTIC is intended to support projects that demonstrate national, regional and local significance and that further support outcomes in the areas of economic growth, a clean environment, stronger communities, growth in trade and export and meeting the opportunities and challenges of growth. The provincial government has indicated that they will give higher priority for projects in the following categories: drinking water, wastewater, disaster mitigation and highways and major roads.

The funding for projects is based on equal contributions from the federal government, provincial government and municipality. There are two exceptions: for traditionally procured projects in the Highways and Major Roads category where the asset is provincially-owned and those in the Public Transit category the maximum federal contribution from all federal sources of funding may be up to 50% of the total eligible costs. In most cases, projects will be funded based on an equal 33% contribution from each of the parties.

Application Process and Timing

On November 24th, the province announced the first intake for NBCP applications. Applications for the first intake are to be submitted to the provincial government by January 12, 2015.

The province is using a staged application process that includes the following:

1. A first-stage application form. The first stage application form is intended to provide a high level overview of the project, including estimated costs and timelines.
2. The province will review the first-stage applications and select projects that align with the PTIC program objectives and eligibility requirements.
3. The province will send the project list to the federal government for review and approval in principle.
4. For those projects that are approved in principle, a more detailed business case will be required to be completed by the funding applicant.
5. Once the business case is complete, it will be sent to the federal government for review and joint approval with the province.

The Province has indicated that eligible applicants will only be able to submit a maximum of two projects for funding in this first intake. It is the Province's intent to develop a process whereby eligible applicants may apply for funding every second year for the duration of the 10 year program. Therefore, the second intake for the program would take place in January 2017.

Priority Projects for Consideration

Transit Maintenance Facility

The Transit Fleet Maintenance Facility no longer meets the functional requirements necessary to meet service levels needs and accommodate potential future expansion of the transit service. The proposed opportunity is the construction of a new Transit Fleet Maintenance Facility adjacent to the Transit Operations Centre on Winnipeg Street. Currently, expansion of the City's transit service, both in terms of geographic area covered and frequency of bus service is constrained by the size and structure of its maintenance facility. The City cannot service larger articulating buses nor can it acquire and maintain additional traditional transit buses. A new Transit Fleet Maintenance Facility would allow for increased service capacity and a modern environment that supports the recruitment and retention of staff. The work will also include the remediation of some contamination at the site where the new facility would be constructed.

Project Category – Public Transit Infrastructure

Timeline – 2015/16 Design, 2017 Construction

Estimated Cost – \$27 million. Funds have been identified in the 5-year capital plan.

National/Regional Benefit – the proposed facility would primarily service the City of Regina

Winnipeg Street Bridge Project

The project involves realigning Winnipeg Street without any jogs which will require a longer overpass and include improvements to the existing interchange that will support new residential, commercial and industrial developments, future additional driving lanes on the Ring Road and the potential for future grade separations at the existing at-grade railway crossings to the east.

The physical work includes construction of a new overpass, modifications and realignment of the existing ramps, demolition of the current overpass, relocation of utilities, various intersection improvements, new traffic signals and all associated works.

Project Category – Highways and Major Roads Infrastructure

Timeline – 2015-17 Design, 2017 Construction

Estimated Cost – \$28 million. Funds have been identified in the 5-year capital plan.

National/Regional Benefit – the project would improve traffic and help to service commercial properties that provide benefit to the local and provincial economy.

Regina Revitalization Initiative (RRI) – Railyard Renewal Project

The City of Regina continues to see strong economic and population growth, which is contributing to an enhanced need for efficient growth management strategies. The City has a generational opportunity to leverage this community momentum and deliver the Railyard Renewal Project which will address a variety of community needs at both local and provincial levels.

The Railyard Renewal Project will revitalize a vacant, former industrial railway site into a mixed-use and mixed-income complete community that celebrates its industrial past and where residents can live, work, learn and play year-round. The project consists of

approximately 20 acres of underutilized land in the heart of Regina. The initiative is multi-faceted and will be a leading example of sustainable urban development for Western Canada, featuring residential and non-residential development as well as a new pedestrian bridge that will connect the Warehouse District to the City's Downtown.

Project Category – Brownfield Redevelopment Infrastructure

Timeline – 2015 Land Use Planning and Business Case Development, 2016 Design, 2017 and beyond Construction

Estimated Cost – \$67 million.

National/Regional Benefit – The project is highly visible and one of the largest re-development initiatives in the City's history. The project is anticipated to generate approximately \$650 million in private sector investment create jobs and additional commercial space.

Septage Receiving Station

The City of Regina currently receives septage at a temporary site. A permanent solution needs to be put into place that would require the construction of a new facility near the Wastewater Treatment Plant. At the core of septage waste handling is limiting harm to the environment and supporting public health/safety. Septage waste can contain a variety of biologic, chemical and elemental hazards. Constructing and maintaining a contemporary receiving station to measure and monitor waste loads will contribute to the preservation of the local and regional environments.

Project Category – Wastewater Infrastructure

Timeline – 2015 design, 2016 Construction

Estimated Cost – \$10 million.

National/Regional Benefit – The project would provide significant regional benefit as the majority of the usage comes from outside the city of Regina.

Ring Road – Victoria Ave Overpass

Deterioration in the concrete deck has led to numerous public safety complaints, specifically concerns with poor ride-ability caused by failing concrete patches in the deck surface. Given the current condition of the overpasses, the probable cost of any future rehabilitation has significantly increased as the entire superstructure will likely have to be replaced and significant repairs to the substructure (i.e. the abutments and piers) are required.

Project Category – Highways and Major Roads Infrastructure

Timeline – Preliminary design completed in 2014. Construction 2015

Estimated Cost – \$10 million.

National/Regional Benefit – The twin overpasses carries 15,000 vehicles in each direction per day over Victoria Ave. The bridge is an important route for residential and commercial traffic within the city and those moving in and out of the city.

Buffalo Pound Upgrades

The Buffalo Pound Water Treatment Plant treats water for approximately 250,000 people in Southern Saskatchewan. The water plant is owned by the City of Regina and the City of Moose Jaw and provides treated water to many smaller communities and towns.

The overall condition of the water treatment plant has been assessed and a number of upgrades are required over the next 5 to 10 years to ensure the water treatment plant can continue to reliably deliver safe drinking water to the public. These upgrades include items such as taste and odour upgrades, increasing the level of disinfection at the water plant, restoring and rehabilitating existing facilities and providing redundancy to critical pieces of infrastructure.

Two separate but related projects have been identified:

Water Quality and Electrical
Timeline – Design 2015, Construction 2016
Estimated Cost - \$16 million

Taste and Odour
Timeline – Design 2017, Construction 2018
Estimated Cost - \$ 20 million

National/Regional Benefit – The Buffalo Pound Water Treatment Plant treats water for approximately 250,000 people in Southern Saskatchewan including the cities of Regina and Moose Jaw. It is a vital piece of infrastructure for the region.

Albert St. and Saskatchewan Drive Intersection Improvements

The purpose of this project is to increase the capacity at the intersection and thereby reduce traffic congestion and improve traffic safety. The project includes widening Saskatchewan Drive to create an additional westbound lane from Lorne Street which will turn in to a right turn only lane at Albert Street: extending the westbound and eastbound left turn lanes on Saskatchewan Drive and converting the middle southbound through-lane on Albert Street to a shared through-left turn lane.

Project Category – Highways and Major Roads Infrastructure

Timeline – 2019 Design, 2020 Construction

Estimated Cost – \$7.5 million.

National/Regional Benefit – This project is proposed to meet the short term and long term transportation needs of the City of Regina in response to growth. Improved traffic flow, reduced congestion and greenhouse gases and lower collision rates are among the many benefits this project is expected to generate.

Tax Supported Projects vs. User Supported Projects

The projects that are listed in this report are intended to give Council a range of potential options that align with the eligibility and funding criteria of the NBCP. One of the eligible funding categories is for water related infrastructure.

Water and wastewater infrastructure in Regina is funded through utility rates. The Utility operates on full cost-recovery basis with rate payers responsible for the current cost of the service that includes infrastructure renewal and replacement. Since water and wastewater projects are fully funded through Utility rates, the Administration has placed a lower priority on utility projects.

External funding for Utility projects would have some potential benefit on the general tax supported budget. External funding through the NBCP for Utility projects would alleviate some of the requirements to take on debt that would create greater debt capacity for other tax supported infrastructure.

The Administration has considered projects that are funded through Servicing Agreement Fees (SAF) in a similar manner as those that are supported through utility rates. SAF's provide the City with revenues from developers that are then used towards the construction of infrastructure that supports new development. Since there is a dedicated revenue stream for those projects, the City has placed a lower priority on seeking funding for SAF supported projects.

On-going discussion with the provincial government

Administration has been engaged in discussions with the provincial government since the program was announced November 24th. Those discussions have centred on the City's current identified projects for NBCF funding, and working with provincial government officials to define an application process that supports the needs of Regina, the province and the NBCF program. Initial indications in those conversations pointed to a continued dialogue between with the province as we refined our project submissions for funding. The province has since requested that the City follow the application process as announced; however, Administration will continue to engage in dialogue with the province, seeking the appropriate input from Council, so that the NBCF program meets the needs of Council and the community.

RECOMMENDATION IMPLICATIONS

Financial Implications

The NBCF will allow the City to leverage important funding for major infrastructure priorities. If the City is successful in securing funding for its top three projects, we could see approximately \$80 million from the federal and provincial governments.

Environmental Implications

None specifically related to this report

Policy and/or Strategic Implications

The projects that are included in this report are intended to provide Council with a range of potential options that align with the eligibility and funding criteria of the NBCP. One of the eligible funding categories is for water related infrastructure. Water and wastewater infrastructure in Regina is funded through utility rates. The City has typically allocated funding to projects that are not supported through rates.

Other Implications

None specifically related to this report

Accessibility Implications

None specifically related to this report

COMMUNICATIONS

On November 24, 2014, the provincial government publicly announced that it would be accepting applications for infrastructure funding under the New Building Canada Fund (NBCF). No communication activity is required during this application phase; however, communication messaging will be required when projects are approved for funding and publicly announced.

DELEGATED AUTHORITY

The disposition of this report requires City Council approval.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Fabian Contreras', with a long horizontal stroke extending to the right.

Fabian Contreras,
A/Manager Government Relations

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Glen B. Davies', written in a cursive style.

Glen B. Davies,
City Manager and Chief Administrative Officer