

Report to Council



Date: May 29th, 2017
File: 0710-60
To: City Manager
From: Joel Shaw, P.Eng., Infrastructure Engineering Manager
Subject: Strategic Priorities Fund - Priority Projects for Grant Applications

Recommendation:

THAT Council receives for information, the report from the Infrastructure Engineering Manager dated May 29th, 2017 with respect to Strategic Priorities Fund - Priority Projects for Grant Applications;

AND THAT Council approves the Hall Road Sewer Project and the Rutland Transit Exchange Phase 2 Project as the City's capital projects for grant application for the Federal Gas Tax Fund - Strategic Priorities Fund Capital Infrastructure Projects Stream;

AND THAT Council approves the Asset Management System as the City's capacity building project for grant application for the Federal Gas Tax Fund - Strategic Priorities Fund Capacity Building Stream.

AND FURTHER THAT upon confirmation of the grant award, the 2017 Financial Plan be amended to include receipt of grants as noted in report.

Purpose:

To receive Council's approval for grant application for the above noted projects for the Federal Gas Tax Fund - Strategic Priorities Fund.

Background:

In May 2014, Canada, BC and UBCM signed the renewed Gas Tax Agreement (GTA) which provides a ten-year commitment of federal funding for investment in Local Government infrastructure and capacity building projects in British Columbia. One of the key funding programs through the GTA is the Strategic Priorities Fund (SPF). The SPF is an application based funding program that is available to local governments and other recipients outside of the Greater Vancouver Regional District to support infrastructure and capacity building projects.

The SPF program provides grant funding specifically targeted for the capital costs of local government infrastructure projects that are larger in scale, regional in impact, or innovative and support the national objectives of productivity and economic growth, a clean environment and strong cities and communities. The SPF program also provides grant funding for Local Government capacity building projects, including asset management, long term infrastructure planning and sustainability planning that support the national objectives and are larger in scale, regional or innovative.

Eligible Local Governments may submit two (2) applications under the SPF-Capital Infrastructure Projects Stream and one (1) application under the SPF-Capacity Building Stream for a total of three (3) applications. It is anticipated that there will be a minimum of two intakes over the first five years of the program. This is the second intake for grant applications. The first SPF intake was launched in 2014 and resulted in the approvals of 66 projects across the province committing over \$122 million in federal Gas Tax Strategic Priorities Funding. The City was unsuccessful in the first intake.

It is anticipated that there is approximately \$180 million in SPF funding available for this intake. Approximately 5% (\$ 9 million) of SPF funding will be reserved for projects under the Capacity Building stream. The SPF may fund up to 100% of eligible costs of approved projects. For larger projects that require significant funding support, it is recommended that applicants submit a phased approach.

The deadline for submitting the SPF application is June 1st, 2017.

Eligible Projects under the SPF - Capital Infrastructure Projects Stream:

Public Transit	Brownfield Redevelopment
Local Roads, Bridges and Active Transportation	Local and Regional Airports
Solid Waste	Short-sea Shipping
Community Energy Infrastructure	Short-line Rail
Drinking Water	Highways
Wastewater	Broadband Connectivity
Disaster Mitigation	Culture Infrastructure
Recreational Infrastructure	Sport Infrastructure
Tourism Infrastructure	

Eligible Projects under the SPF - Capacity Building Stream:

Asset Management including software acquisition and implementation	Long-term Infrastructure Planning
Integrated Community Sustainability Planning	

Staff recommend the following two capital projects as the best candidates for successful grant award under the SPF program. The capital projects meet the objectives and criteria of the SPF.

Capital Infrastructure Project	Total Cost	Grant Funding
Hall Road Sewer Project	\$11,200,000	\$6,000,000
Rutland Transit Exchange Phase 2 Project	\$2,800,000	\$2,800,000

Both Hall Road Sewer and Rutland Transit Exchange Phase 2 will be applications submitted under the SPF - Capital Infrastructure Stream. These projects meet the criteria of larger in scale, regional in impact, and innovative. The Hall Road Sewer Project is the larger of the two projects and the proposed eligible grant funding (\$6 million) is the maximum available for a capital project under the SPF program.

Project detail and phasing for both capital projects is provided in the appendices of this report.

For application under the Capacity Building Stream, staff recommend the following project.

Capacity Building Project	Total Cost	Grant Funding
Asset Management Project	\$1,500,000	\$675,000

The City owns and operates \$2.6 billion worth of infrastructure that supports service delivery in our community. This infrastructure is managed through an inventory of approximately 30,000 assets that support a variety of services including protective services, transportation, parks, recreation, sewer, water, drainage and solid waste services. The City requires a common corporate platform to optimize the life cycle of the infrastructure assets and maintain service delivery.

The City has been in communication with UBCM and have discussed the maximum grant available under the Capacity Building category. Although UBCM would not commit, City staff got a sense that \$675,000 was about the maximum available for a project in the Capacity Building category.

Financial/Budgetary Considerations:

The City is requesting the maximum available grant funding (\$6,000,000) for the Hall Road Sewer Project. The balance of the project funding (\$5,200,000) would be received from benefitting property owners through a local area service agreement. The LSA agreement would require consent from the benefitting property owners before this project would proceed.

The Rutland Transit Exchange Phase 2 project would be funded by the grant of \$2.8 million. Existing budget would be used to cover ineligible costs like City staff time estimated at \$50,000.

The total cost of the Asset Management System is \$1.5 million for which Council approved budget in 2017. Should the City receive grant funding a budget amendment would be prepared to adjust the General Fund portion and the Community Works Funding by the grant amount of \$675,000.

Internal Circulation:

Divisional Director, Infrastructure
Divisional Director, Financial Services
Budget Supervisor, Financial Services
Manager, Financial Planning
Manager, Grant & Partnerships
Manager, Integrated Transportation
Manager, Utility Planning
Project Manager, Infrastructure Delivery
Utility Technologist, Civic Operations

Considerations not applicable to this report:

Legal/Statutory Authority
Legal/Statutory Procedural Requirements
Existing Policy
Personnel Implications
External Agency/Public Comments
Communications Comments
Alternate Recommendation

Submitted by:

J. Shaw, Infrastructure Engineering Manager

Approved for inclusion:



A. Newcombe, Divisional Director, Infrastructure

cc: Divisional Director, Infrastructure
Divisional Director, Communications & Information Services
Divisional Director, Financial Services
Manager, Financial Planning
Manager, Grant & Partnerships
Manager, Integrated Transportation
Manager, Utility Planning
Project Manager, Infrastructure Delivery

APPENDIX A - Rutland Transit Exchange Phase 2 Project

This project provides for the completion of the Shepherd Road extension and Rutland Transit Exchange including pedestrian/cycle connectivity in support of the vision of transforming Rutland Town Centre into an attractive transit oriented urban centre (see attached figure).

Shepherd Road extension supports realignment of mainline and feeder bus transit services to a fully operational on-street transit exchange in the Rutland Town Centre. The new exchange replaces current bus stops on Hwy 33 between Dougall Road and Rutland Road. New transit amenities proposed include large transit shelters providing a safe, more convenient and comfortable environment for transfers between mainline transit and feeder bus services for riders. Further proposed enhancements include appropriate level of streetscape to include street trees and plantings, new lighting, benches, and opportunity for public art as well as pedestrian/cycle connectivity to Centennial Park. This new two-lane traffic calmed roadway connects with the first phase from Roxby Road to Rutland Road N., completed in 2012, and will include a new signalized intersection. The signalized intersection will provide for a safer pedestrian crossing replacing an existing uncontrolled pedestrian crossing and equipped with transit signal priority at Rutland Rd N.

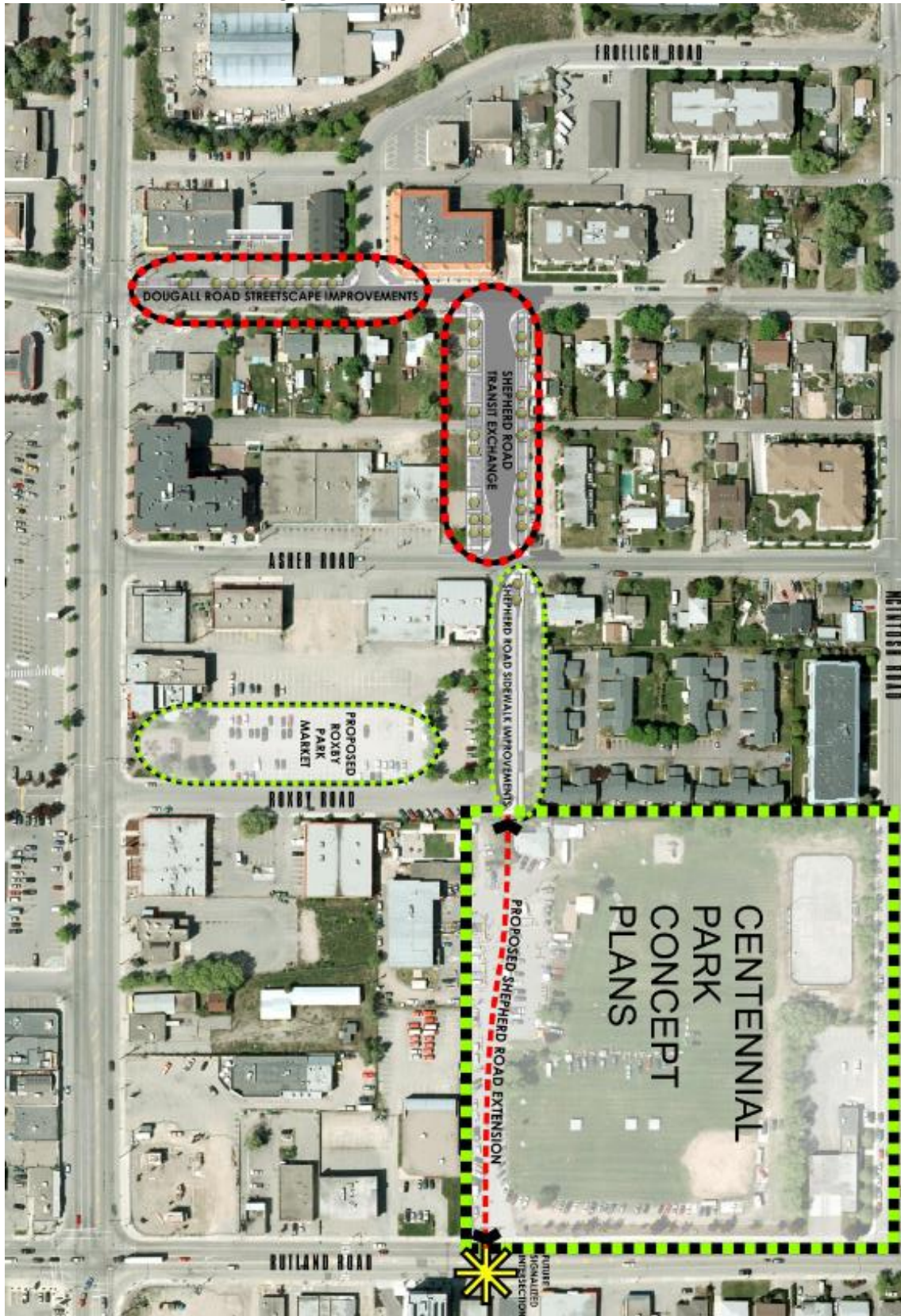
Phase 1 of the transit exchange is currently only servicing the Route 14 Black Mountain bus. With the Shepherd Road extension, the exchange would accommodate service demand in the Rutland area including major routes:

- Route 8 University
- Route 10 North Rutland
- Route 11 Rutland

Cost Estimate: \$2.8 million

- 2 lanes per direction/ with on street cycle lanes,
- 1.8 m separate sidewalk on south side with a landscape buffer,
- 4.0 m. wide multi use pathway separated by landscape buffer.

Rutland Transit Exchange Phase 2 Project Limits



APPENDIX B - Hall Road Sewer Extension

The project consists of the installation of sewer mains and services to approximately 347 homes in the Hall and Parsons Road area of Kelowna, BC (see attached figure). The sewer service to this area is needed to service residents who are having or may have septic system problems from their aging systems and to mitigate environmental issues related to nutrient loading from septic systems that may be leaching into Mission Creek and Okanagan Lake.

The majority of the homes in the Hall Road area are greater than 25 years old. These homes are presently served by onsite septic systems.

Over the last few years the City has received many calls from residents experiencing septic system problems and expressing their desire to have the City sewer extended into their neighborhood. It is probable that the failure rate of these septic systems will continue to increase as they near the end of their service life.

The Hall Road area is located adjacent to Mission Creek which is the main tributary to Okanagan Lake and primary fish habitat. Due to the close proximity of this area to Mission Creek, the potential is high for the existing septic fields to be hydraulically connected to Mission Creek. This has environmental consequences on water quality and fish habitat in Mission Creek and Okanagan Lake.

The health and environmental benefits from this project would extend beyond the residents of Hall Road area to the community at large.

If the City was successful in receiving grant funding this project would be coordinated with the Integrated Water Projects so that City Water and Wastewater service was delivered to these residents at the same time. Prior to proceeding with this project, however, the affected residents would have to agree to a Local Service Area where the benefitting property owners would pay for the balance of the infrastructure improvements.

Hall/Parsons Connection Area Map

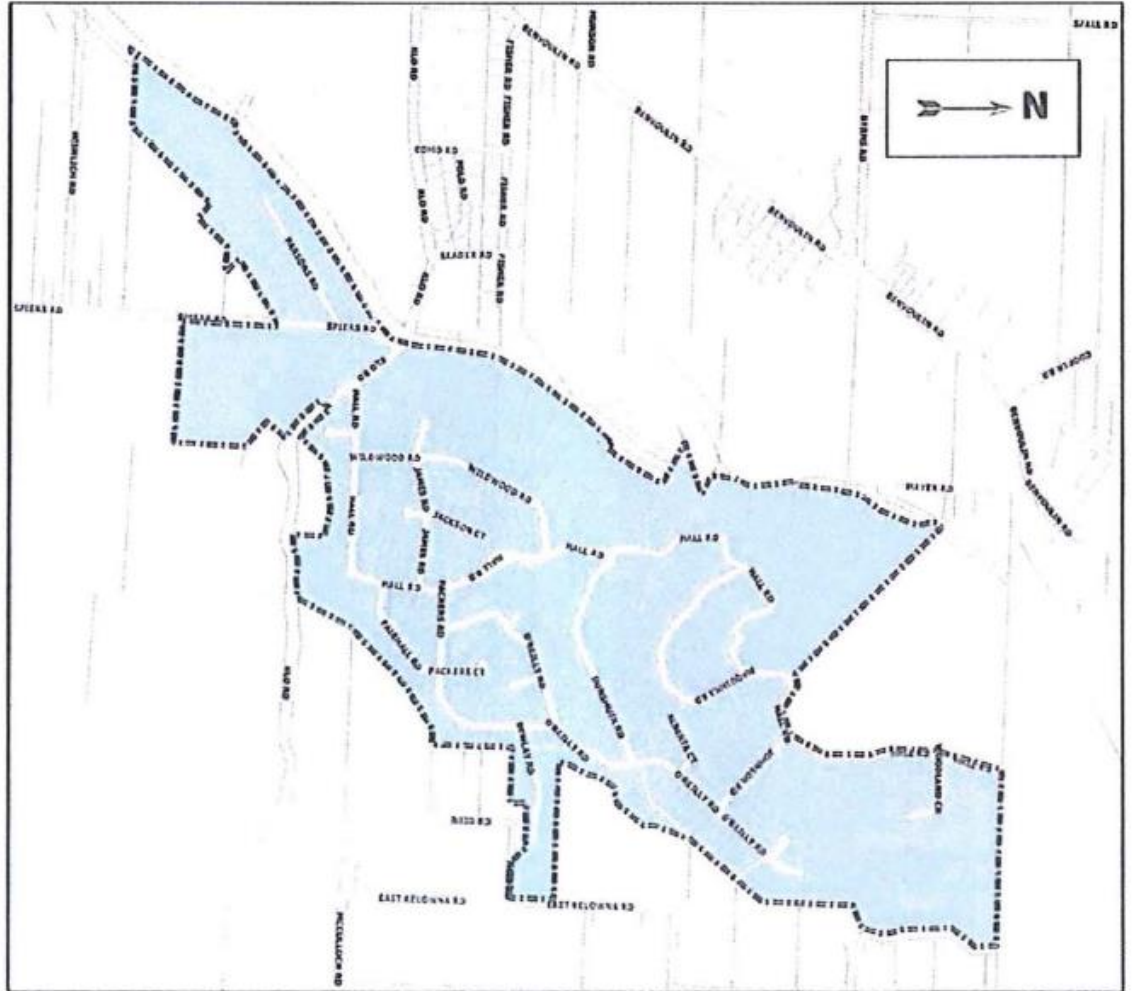


Figure 1 - Hall/Parsons Connection Area Location Map