

REPORT TO COUNCIL



Date: May 8, 2012
File: 0220-01
To: City Manager
From: Budget Performance Accountant, Infrastructure Planning
Subject: Federal Gas Tax Project Applications

Recommendation:

THAT Council receives, for information, the Report from the Budget Performance Accountant dated May 1, 2012, with respect to Federal Gas Tax Project Applications;

AND THAT Council endorses, 1) Lakeshore Road Bridge at Mission Creek and 2) Hall Road Sanitary Sewer Upgrade for application as Capital Projects for Federal Gas Tax funding from the General Strategic Priorities Fund and Innovations Fund;

AND THAT Council endorses SmartTRIPS program for the Capacity Building and Integrated Community Sustainability Planning Projects Category from the General Strategic Priorities Fund and Innovations Fund;

AND FURTHER THAT Council directs staff to report back with supplementary budget requests based on the success of the applications prior to entering into a final grant agreement.

Purpose:

To seek Council approval to apply for 2012 Federal Gas Tax grants (Capital Projects and Capacity Building Projects) under the General Strategic Priorities Fund and the Innovations Fund administered by the Union of BC Municipalities (UBCM).

Background:

The City of Kelowna receives annual Federal Gas Tax (FGT) funding through the "Community Works" program, scheduled to continue until 2014. This funding has been assigned to plans and projects related to pathway and active transportation projects. In 2011 three additional programs under the FGT program, the General Strategic Priorities Fund (GSPF), the Innovations Fund (IF), and the Regionally Significant Fund (RSF) were available. The City submitted and was successful for 4 projects:

- 20-Year Integrated Community Sustainability Capital Plan - Successful \$253,000
- Corporate/Airport GHG Reduction Plan Implementation - Successful - \$1,258,438
- Form-Based Codes, Low Carbon Economic Development Zone - Successful, \$175,000
- Lakeshore Road Bridge at Mission Creek - Unsuccessful

The Union of BC Municipalities (UBCM) has announced a second intake of applications under both the GSPF and IF programs in February 2012 with a total of approximately \$48.5M available for award. The City is again invited to apply for a total of four projects, 2 for capital projects and 2 for capacity

A handwritten signature in black ink, appearing to be the initials "AV" or similar, located in the bottom right corner of the page.

building. The grant application deadline for both the GSPF program and the IF program is May 31, 2012.

The Infrastructure Planning department received ten new project suggestions in addition to the remaining projects list from 2011. All were evaluated using 4 criteria:

1. Grant Application Criteria
 - o GHG reduction
 - o Water quality improvement
 - o Others
2. High priority within existing capital plan
3. Community/corporate liability, including:
 - o Public Health & Safety
 - o Probability and Impact if project not done
 - o Probability and Impact of improved infrastructure performance
4. Success Factors
 - o Staff available to manage the project
 - o City contribution for ineligible expenses available
 - o Land availability
 - o Likelihood of timely ministry approvals
 - o Preliminary design adequately progressed to meet grant imposed deadlines

Staff recommends the following projects for application to UBCM:

Capital Projects, General Strategic Priorities Fund and Innovations Fund - 2 Applications with priority ranking attributed to Lakeshore Bridge Project.

1) Lakeshore Road Bridge at Mission Creek (\$6-8 million grant for \$14-18 million project)

The Lakeshore Road Bridge is scheduled for replacement as the existing bridge is coming to the end of its service life. The new bridge design will include provisions for active transportation (multi-use corridor, sidewalks). The design will also accommodate an underpass for the Mission Creek Greenway so that this popular riparian corridor can proceed under Lakeshore Road west toward Okanagan Lake. Environmental restoration and the development of a trailhead park at the La Mission Motel site will also be included as part of the project. Since this is a DCC project, the financial benefit of this grant would accrue both to the taxpayer and the development industry.

At the same time as the Bridge work is completed a large diameter (1200mm) diameter trunk sewer and associated control structures will be completed within the construction limits of the bridge. The new trunk sewer is required to accommodate future flows from south Kelowna because the existing trunk on Lakeshore Rd (from Old Meadows to the Gyro Lift Station) is very near capacity. Combining the "in stream" sewer works with the bridge construction will have environmental and economical benefit as construction in and around the creek will occur at the same time as opposed to separate projects. The remaining sewer work outside the bridge construction limits is expected to occur in the next 3-5 years. This project addresses GHG emissions, environmental protection and source water protection objectives. A financial strategy will be developed for the remainder of the project subject to the amount of grant received in order to minimize impact to the taxpayer and the DCC program.

2) Hall Road Sanitary Sewer Upgrade (\$6-8 million grant for the \$11.3 million project)

The Hall Road Sanitary Sewer Upgrade project consists of the installation of sewer mains and services to approximately 362 homes in the Hall and Parsons Road area of Kelowna, BC. The need for sewer service to this area is threefold: 1) to service residents who are having or may have septic system problems, 2) to reduce health risks related to contamination of drinking water from septic systems, and 3) 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 area are greater than 25 years old and are presently served by shallow on-site wells and septic disposal systems

installed in poor ground conditions. This project was listed as the City's highest sewer connection priority in the 2030 OCP. It is anticipated that approximately 2/3 of this project would be externally funded with the remainder 1/3 funded by local area service and Okanagan Basin Water Board Recoveries. A financial strategy will be developed dependant on the amount of grant funding available in order to minimize the Financial Impact on Hall Road residents.

Capacity Building and Integrated Community Sustainability Planning Projects, General Strategic Priorities Fund and Innovations Fund - 1 Application.

SmartTRIPS Trip Reduction Program (\$200,000-\$300,000)

SmartTRIPS is an Air Quality and TDM program being developed as a pilot program to help address the GHG and air quality concerns associated with vehicle emissions. The program will help complement the City's recent policy and infrastructure initiatives. The pilot project is a Neighbourhood Trip Planning program that will assist local communities in reducing single occupancy vehicle use and increasing levels of active transportation. The pilot will utilize community based social marketing principles to reduce single occupancy vehicle use. Unlike traditional marketing campaigns that rely on broad-based promotion, community based social marketing programs involve research to identify barriers to behaviour change and tailors individualized marketing materials to help overcome those specific barriers. Programs are piloted and evaluated to ensure they have the desired impact on behavioural change. This project could be expanded in 2013 + years (a multi-year phased approach). The program is regionally significant, as Regional Services programs target the Central Okanagan Communities. The draft Climate Action Plan has identified the expansion of smartTrips for at least one neighbourhood per year for 2013 and beyond, based on performance measurements. This will help reach the established target of reducing vehicle kilometers travelled by 20% per capita. This innovative project will serve to build capacity in the region to significantly reduce GHGs and help to reach sustainability goals.

Next steps:

Following Council approval, staff will complete grant applications to UBCM for all of these projects.

Internal Circulation:

- General Manager, Community Sustainability
- Director, Regional Services
- Director, Financial Services
- Director, Design & Construction
- Director, Communications
- Grants Manager, Strategic Initiatives

Financial/Budgetary Considerations

All project costs are eligible under these grants with the exception of employee direct and indirect costs (including equipment), land costs and legal fees. To make the best use of available grants, it is expected that both consulting and construction assignments for each of these projects would be contracted with the private sector with the City focusing mainly on project management. The City's contribution to each project would be funded through a combination of taxation and reserve funds. The exact amount and the cash flow will be confirmed once UBCM makes specific offers to the City's applications.

Personnel Implications

All of these projects are currently budgeted or needed in the near future and impose little extra work load. However, additional staff time will be required for grant applications and the administration of the grants.

Considerations not applicable to this report:

Legal/Statutory Authority
Legal/Statutory Procedural Requirements
Existing Policy
External Agency/Public Comments
Community & Media Relations Comments
Alternate Recommendation

Submitted by:

Melanie Antunes

M. Antunes, Budget Performance Accountant

Approved for inclusion:



M. Watt, Acting Director, Infrastructure Planning

Annex 1: Gas Tax Proposals

cc: General Manager, Community Sustainability
Director, Regional Services
Director, Financial Services
Director, Strategic Initiatives