
MEMORANDUM

BRC-C 2-2020

Subject: 2021 Capital Budget Reduction to Reinstate Combined Sewer Overflow Program

Date: December 10, 2020

To: Budget Review Committee of the Whole

From: Todd Harrison, Commissioner, Corporate Services/Treasurer

At the November 26th Budget Review Committee of the Whole (BRCOTW), a resolution regarding CSD 65-2020 2021 Water and Wastewater Operating and Rate Requisition Budget was passed:

*That staff **REDUCE** the capital program by \$1 million to accommodate keeping the Combined Sewer Overflow (CSO) program whole.*

Staff was directed to provide an update back to BRCOTW with a strategy that would align with the resolution.

After reviewing the Wastewater projects within the proposed 2021 Capital Budget, four capital projects with a total gross budget of \$1.2 million and net budget of \$1.05 million were selected for deferral from the bottom tier of projects scored by the Corporate Asset Management Resource Allocation (CAMRA) exercise. Although the projects were among the lowest ranked CAMRA Return on Investment, deferral of these projects may increase the risk of additional maintenance expenses. In addition, the four projects selected are all design projects for pumping stations. Delaying design may result in missed opportunities for future funding due to not having “shovel ready” projects. As well delaying pumping station upgrades may increase the risk to public health if a station cannot meet the conveyance capacity. This could result in environmental spills and possible basement flooding. Staff will continue to monitor these pumping stations to manage the risks associated with these deferrals.

The following projects are recommended for deferral:

- Project 20001359 – Nigh Rd Pumping Station Upgrades
 - Gross Budget: \$300,000
 - Wastewater Capital Reserve: \$150,000

- Risks: the station has been identified as having an existing capacity deficiency and as a growth area, will require an upgrade prior to exceeding the capacity.
- Project 20001362 – Fares St Pumping Station Upgrades
 - Gross Budget: \$300,000
 - Wastewater Capital Reserve: \$300,000
 - Risks: the station is reaching the end of its service life and is in poor condition.
- Project 20001360 – Nickel St Pumping Station Upgrades
 - Gross Budget: \$300,000
 - Wastewater Capital Reserve: \$300,000
 - Risks: this pumping station is in poor condition and is experiencing escalating maintenance requirements.
- Project 20001357 – Royal Manor Pump Station Upgrades and Forcemain Replacement
 - Gross Budget: \$300,000
 - Wastewater Capital Reserve: \$300,000
 - Risks: this pumping station requires a sustainability upgrade and a capacity upgrade not related to future growth. The existing capacity deficiencies could result in environmental spills and basement flooding.

The changes to report recommendations resulting from these deferrals would be as follows:

- **Capital Budget:** The deferral of the capital projects would amend the 2021 Capital Budget as approved by Committee on November 26, 2020 as follows:
 - Gross Budget: Decrease by \$1.2 million from \$501,505,722 to \$500,305,722.
 - Initiated Gross Budget: Decrease by \$1.2 million from \$215,130,104 to \$213,930,104.
 - Initiated Net Budget: Decrease by \$1.05 million from \$182,450,742 to \$181,400,742.
- **Wastewater Budget:** The reinstatement of the full CSO program from the recommended gross budget of \$2 million to \$4 million requires a one-time \$1 million reprioritization of the South Niagara Falls (SNF) WWTP budget placeholder amounts in 2021 as well as increased DC funding of \$1 million. This reprioritization will reduce the transfer of the SNF WWTP budget amounts to the wastewater capital reserve in 2021 (from \$9.1 million to \$8.1 million). As such,

the Wastewater Budget as approved by Committee on November 26, 2020 will be amended as follows:

- Gross Budget: Increase by \$2 million from \$81,409,557 to \$83,409,557 (results in a change to approved budget recommendations).
- Development Charge Funding: Increase by \$1 million from \$1 million to \$2 million (no impact on approved budget recommendations, increase in CSO gross budget to \$4 million, net \$2 million).
- Net Requisition: No change from the approved \$78,744,320 as a result of the reprioritization of capital reserve contributions noted previously (no impact on approved budget recommendations).
- A pressure to reinstate the full CSO program will remain in the multi-year as this was a one-time reprioritization (no impact on approved budget recommendations).

These changes will also be reflected in the following by-laws:

- A by-law to adopt the 2021 wastewater budget and to set the requisitions to be charged for wastewater received from lower-tier municipalities for the period January 1, 2021 to December 31, 2021.
- A by-law to adopt the 2021 capital budget for The Regional Municipality of Niagara.

Respectfully submitted and signed by

Todd Harrison, CPA, CMA
Commissioner/Treasurer Corporate Services