



Federal Disaster Mitigation and Adaptation Fund - Update

Date: May 29, 2019
To: Executive Committee
From: City Manager
Wards: All

SUMMARY

The Government of Canada's Disaster Mitigation and Adaptation Fund (DMAF) is a \$2.0 billion national competitive capital contribution funding program aimed at supporting large-scale infrastructure projects to help communities better manage the risks of disasters triggered by natural hazards. In July 2018, the City of Toronto submitted six projects for approval through the first intake process based on City Council approved budgets and plans, with consideration for the DMAF program requirements and application deadlines.

To date, the City has received approval in principle for the Midtown Toronto Relief Storm Sewer project under DMAF. This project is an important part of the City's Wet Weather Flow Master Plan and Basement Flooding Protection Program. It will greatly increase the resilience of the project area to basement flooding, reduce disruption to transportation networks caused by surface flooding and reduce combined sewer overflows to the environment. Through DMAF, the federal government will contribute up to 40% of eligible project costs to a maximum of \$37.16 million in funding towards the Midtown project. The City will contribute the remaining project costs, currently estimated at \$82.84 million.

This report provides an update on the DMAF program and seeks City Council approval for the Mayor to execute contribution agreements for projects that are successful in receiving DMAF funding, including the Midtown Toronto Relief Storm Sewer project.

RECOMMENDATIONS

The City Manager recommends that:

1. City Council authorize the City Manager in consultation with the Chief Financial Officer and Treasurer, to apply for federal funding under the Disaster Mitigation and Adaptation Fund (DMAF) for approved City Council capital projects that meet the

funding eligibility criteria and completion timelines, including any additional rounds of intake announced by the Government of Canada.

2. City Council grant approval to receive the funds, if any, from DMAF contemplated by Recommendation 1 above.
3. City Council authorize the Mayor to enter into and execute any agreements, including any amendments thereto, with the Government of Canada under the DMAF on terms and conditions satisfactory to the City Manager and the Chief Financial Officer and Treasurer, and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

The federal government through the Disaster Mitigation and Adaptation Fund (DMAF) will provide the City of Toronto with \$37.16 million in funding for the Midtown Toronto Relief Storm Sewer project. The City of Toronto will contribute \$82.84 million towards the project. The estimated total cost of the project is \$120 million which is currently fully funded within Toronto Water's 2019 Capital Budget and 2020-2028 Plan. Toronto Water Reserve Funds currently allocated to the Midtown Toronto Relief Storm Sewer project will be offset by the DMAF funding and will be reallocated as part of the 2020 Capital Budget Process.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

On March 7, 2019, as part of the 2019 Capital and Operating Budget process, City Council received a report on intergovernmental funding in the 2019-2028 Recommended Capital Budget and Plan. This report included a summary of the Disaster Mitigation and Adaptation Fund (DMAF), listed the projects City staff submitted for federal approval, and indicated that City staff would report back to City Council as required once the federal DMAF application review process is complete.

<https://www.toronto.ca/legdocs/mmis/2019/ex/bqrd/backgroundfile-130164.pdf>

COMMENTS

Disaster Mitigation and Adaptation Fund (DMAF) Overview

In May 2018, the federal government through Infrastructure Canada (INFC) announced the Disaster Mitigation and Adaptation Fund (DMAF)¹, a national competitive disaster mitigation contribution program under the Investing in Canada Infrastructure Plan that

¹ <https://www.infrastructure.gc.ca/dmaf-faac/index-eng.html>

will invest \$2.0 billion to support large-scale infrastructure projects to help communities better manage the risks of disasters triggered by natural hazards. DMAF provides funding of up to 40% of eligible project costs for municipal projects. Projects must be completed by March 31, 2028. Eligible projects under DMAF include:

- New construction of public infrastructure including natural infrastructure; and
- Modification and/or reinforcement, including rehabilitation and expansion, of existing public infrastructure including natural infrastructure.

Eligible investments under the DMAF program aim to reduce the socio-economic, environmental and cultural impacts of natural hazards and extreme weather events when considering current and potential future climate change impacts. Projects must have a minimum of \$20 million in eligible expenditures, and must meet at least one of the national significance criteria, including reducing impacts on:

- Critical infrastructure and essential services;
- Health and safety of Canadians;
- Significant disruptions in economic activity;
- Costs of recovery and replacement; and
- Vulnerable regions.

The DMAF two-step application process includes the submission of an Expression of Interest (EOI) for each project for an eligibility assessment by the federal government. Successful EOIs move forward to the full application stage for a merit assessment. To date, DMAF has only undertaken one intake process.

City of Toronto DMAF Applications

The City submitted six Expressions of Interest (EOIs) in July 2018. With a merit-based funding program such as DMAF, it was in the City's interest to submit multiple projects for federal approval. Staff identified projects based on City Council approved budgets and plans, with consideration for the DMAF program requirements and the short deadline for submission of EOIs. Subsequently, four applications were selected by INFC to move forward to the full application stage and were submitted in January 2019.

The four projects that were selected to move forward to the full application stage by the federal government include (1) construction of the Midtown Toronto Relief Storm Sewer, (2) construction of the Fairbank-Silverthorn Trunk Storm Sewer, (3) a flood protection landform at Broadview Avenue and Eastern Avenue, (4) and waterfront shoreline protection measures and tree canopy works. The total costs of these four projects is estimated at \$480.34 million. The City is seeking up to \$161.8 million in federal funding to support these projects.

The two projects that were not selected to move forward during this first round of federal intake were (5) North York Storm Trunk Sewer, and (6) Jane Street Crossing. These projects were deemed eligible but deferred to a future intake process as only projects with construction start dates in 2019 and 2020 were being considered for the first intake. Both projects had estimated start dates in 2023.

INFC evaluated all eligible projects against the following merit criteria:

1. Hazard Risk Assessment - to evaluate the risk of the hazard
2. Strengthen Resilience - to evaluate the degree of risk reduction
3. Return on Investment - to assess the long-term financial benefit
4. Project Rationale - to evaluate the project selection rationale to mitigate or adapt to the hazard risks
5. Innovation - to evaluate the use of innovative solutions to better manage hazard risks
6. Risk Transfer Management - to evaluate risk transfer measures to protect the neighbouring areas / communities
7. Strategic Alignment - to evaluate the project alignment with strategic adaptation and mitigation planning
8. Public Engagement - to evaluate the level of engagement during project planning and design
9. Project Risks - to evaluate the capacity to successfully manage and deliver the project
10. Project Benefits - to assess the project's additional benefits to the community

In March 2019, the City received an approval in principle for the Midtown Toronto Relief Storm Sewer project. Federal funding for this project will cover up to 40% of eligible project costs to a maximum of \$37.16 million. The City of Toronto will contribute the remaining funding, estimated at \$82.84 million. City Council approval is required in order for the Mayor to execute the contribution agreement for federal funding.

The Midtown Toronto Relief Storm Sewer project was developed through the *Area 17 Stormwater Runoff Control and Investigation of Chronic Basement Flooding Class Environmental Assessment* completed in 2014. The project involves the construction of over 3 km of new storm sewers draining to a new underground storage tank that will be constructed under Memorial Park. The project provides relief to an overloaded storm sewer system and protects 898 homes from overland flooding and sewer backup. The project will also provide water quality treatment for stormwater.

The federal government is still reviewing the remaining three projects that were advanced to the full application stage, and will advise City staff of the outcome of their review shortly. City staff anticipate another round of proposal intake to launch in the fall of 2019. Subject to City Council approval of Recommendation 1, the City Manager in consultation with the Chief Financial Officer will resubmit any previous proposals not approved in the first round of DMAF that were deemed eligible, and apply for DMAF funding for additional City Council approved projects that would meet funding eligibility criteria and completion timelines.

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SIGNATURE

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