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Item No. 12.4.3
Audit & Finance Standing Committee
October 17, 2018

TO: Chair and Members of the Audit & Finance Standing Committee

Original Signed

SUBMITTED BY:

Kelly Denty, Director, Planning and Development

Original Signed

Jacques Dubé, Chief Administrative Officer

DATE: October 1, 2018

SUBJECT: National Disaster Mitigation Program – Flood Risk Assessment Study

ORIGIN

- On May 30, 2018 the Province of Nova Scotia announced that the last cycle of funding through the National Disaster Mitigation Program (NDMP) was launched, and the deadline to submit applications was October 28, 2018.
- On October 4, 2016, the Environment and Sustainability Standing Committee recommended that Regional Council direct the Chief Administrative Officer to submit an application to the National Disaster Mitigation Program to carry out follow up work studies for the Sackville Rivers and Shubenacadie Lakes Systems.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, Subsection 74 (1) “The Municipality may agree with one or more municipalities, villages, service commissions, the Government of the Province or of Canada or a department or agency of either of them or a band council pursuant to the *Indian Act (Canada)* to provide or administer municipal or village services.”

Halifax Regional Municipality Charter Part IV, Finance, Power to expend money, clauses 79 (1)(p)(al) “The Council may expend money required by the Municipality for....(p) preventing or decreasing flooding;...(al) wastewater facilities and stormwater systems;”

Administrative Order Number 2014-015-ADM respecting Reserve Funding Strategies, section 5, The Audit and Finance Standing Committee shall review and recommend to the Council for its consideration all impacts to the Reserve, and Section 6, The Chief Administrative Officer may recommend to the Council that Reserve funds be expended.

Administrative Order One, Schedule 2

8. The Audit and Finance Standing Committee shall review and make recommendations on proposals coming to Halifax Regional Council outside of the annual budget or tendering process including:

- a) New Programs or services not yet approved or funded;
- b) Programs or services that are being substantially altered;
- c) Proposed changes in any operating or project budget items;
- d) The Commitment of funds where there is insufficient approved budget;
- e) New or increased capital projects not within the approved budget;
- f) Increases in project budget due to cost sharing; and
- g) Creation or modification of reserves and withdrawals not approved in the approved budget.

RECOMMENDATION

It is recommended that the Audit & Finance Standing Committee recommend that Regional Council approve an increase to the Planning & Development operating budget in the amount of \$450,000, with funding as an unbudgeted withdrawal from Q421, the General Contingency Reserve, in the amount of \$225,000, and funding through cost sharing of \$225,000 from the National Disaster Mitigation Program, as described in the Financial Implications section of this report, contingent upon the Municipality receiving cost sharing through the National Disaster Mitigation Program.

BACKGROUND

In 2014, the Federal Government established the National Disaster Mitigation Program (NDMP), as part of the Government's commitment to building safer and more resilient communities through investment in projects addressing rising flood risk and costs. The program provides up to 50% cost sharing from Federal Government from the following funding streams:

- Stream 1: Risk Assessment
- Stream 2: Flood Mapping
- Stream 3: Mitigation Planning
- Stream 4: Investments in Non-Structural and Small Scale Structural Mitigation

There is no Provincial cost-sharing component.

In 2015, the Municipality applied and received funding from the NDMP to carry out a risk assessment of flood prone areas in the Municipality. The study recommended mitigation strategies for the top-10 highest risk sites. The mitigation strategies ranged from follow up studies to construction projects.

On October 4, 2018, the Environmental and Sustainability Standing Committee approved a motion recommending that Regional Council:

- Accept the methodology contained in the National Disaster Flood Risk Assessment study, as the basis for prioritizing mitigation projects in flood prone areas;
- Work with Halifax Water to develop a joint flood risk assessments implementation plan for the ten sites outlined in the Discussion section of this report, which will include a funding/cost-sharing

strategy with options for consideration of Regional Council during the 2019/20 and 2020/21 business plan and budget deliberations; and,

- Submit an application to the National Disaster Mitigation Program to carry out follow up studies for the Sackville Rivers and Shubenacadie Lakes systems.

DISCUSSION

To be eligible for NDMP funding, applications must be received by October 23, 2018, and projects must be completed by March 31, 2020. Staff have reviewed the proposed mitigation strategies for the top-10 sites and have determined that only two projects, the follow up studies for the Sackville Rivers, Shubenacadie Lakes, can be completed within this time-frame. Staff have recommended that the studies for top two highest risk sites, Sackville Rivers and Shubenacadie Lakes Systems, be put forward for funding. These two projects are large scale studies that will take a full year to complete and are estimated to cost \$150,000 and \$300,000, respectively.

The Sackville Rivers study is a follow-up study to the Sackville Rivers Floodplain Study - Phase 2 (CBCL, 2017). It is an engineering feasibility study that will further examine the recommendations presented in the Phase 2 report such as channel and structure upgrades (Little Sackville River), and engineered channel improvements (Range Park to Basin). It is anticipated that implementing the mitigation strategies will improve the resiliency of existing structures within the floodplain.

The Shubenacadie Lakes Study will be a watershed and floodplain mapping study that will define existing and future flood limits of the lake system. It will use elevation data collected from the Municipality's LiDAR data acquisition project. This study will identify flood risks and critical infrastructure.

To meet the March 31, 2020 project completion deadline, these studies will need to be awarded by April 1, 2019, requiring requests for proposal to be issued three-months prior. There is currently no funding in the 2018/19 operating budget for this work, therefore, a withdrawal from the General Contingency Reserve is being recommended to meet the NDMP deadline. Deferring this funding decision to the 2019/20 operating budget process would not allow the requests for proposal to proceed within the required timeframe. This work schedule assumes that both projects will receive funding approval from the NDMP program by December 31, 2018.

FINANCIAL IMPLICATIONS

There are no funds available within the approved 2018/19 Planning & Development operating budget to provide the municipal contribution for the proposed work. To support the NDMP application and allow timely delivery of the two studies, a withdrawal of \$225,000 from Q421, the General Contingency Reserve, is recommended. These funds will be expended throughout the 2019-20 fiscal year, although the requests for proposal will take place in late 2018 or early 2019, given timely approval of the Municipality's NDMP application. Expenditures will be tracked through cost centre C455-6303 (Infrastructure Standards - Consulting Fees).

Budget Summary - Risk Reserve-General Contingency Reserve, Q421

Balance in reserve, August 31, 2018	\$11,795,505
Projected revenue to March 31, 2019	\$ 96,366
Approved commitments to March 31, 2018	<u>\$(2,660,177)</u>
Projected net available balance, March 31, 2018	\$ 9,231,695
Withdrawal, per recommendation	<u>\$(225,000)</u>

Revised projected net available balance March 31, 2018

\$ 9,006,695

Risk Reserve – General Contingency Reserve, Q421 is to receive the annual operating surplus of the Municipality as prescribed by the Provincial Financial Accounting and Reporting Manual, and can be used to fund operating costs, offset deficits, or fund new operating and/or capital expenditures. This is an unbudgeted withdrawal from the reserve but does not negatively affect the draft planned usage of the reserve for the next 5 years (excluding any unknown deficits that may occur or unknown utilization of funds for 2019/20 onward).

RISK CONSIDERATION

There is a minor risk, if the studies are not completed by the March 31, 2020 deadline, the projects may not qualify for the full \$225,000 in NDMP cost sharing funding. To mitigate this risk, it is critical that the work start no later than April 1, 2019, and that dedicated resources be assigned to the project.

COMMUNITY ENGAGEMENT

The NDMP – Flood Risk Assessment study has been presented to the Regional Watershed Advisory Board (RWAB). The RWAB fully endorses that Council support the study's outcomes. RWAB has noted that the preventative and proactive approach to infrastructure inventory to manage emerging issues is a positive step forward for establishing integrated management opportunities with the solid focus areas of natural systems, local drainage infrastructure and tidal influences systems.

RWAB indicated that being reactive to climate change is not an option for a future of intense and frequent rainfall events which will put our municipal assets at risk. RWAB welcomes community engagement and educational opportunities at all stages of this process.

ENVIRONMENTAL IMPLICATIONS

If approved, the recommendations contained in this report will continue to move HRM towards a better understanding of flood risk and viable solutions to high priority risks.

ALTERNATIVES

The Audit & Finance Standing Committee could recommend that Regional Council not approve an increase to the Planning & Development operating budget and a withdrawal from Q421, the General Contingency Reserve, as described in the Financial Implications section of this report. This is not recommended for the reasons outlined in this report.

ATTACHMENTS

None

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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