

Minister of Infrastructure
and Communities



Ministre de l'Infrastructure
et des Collectivités

Ottawa, Canada K1P 0B6

APR 12 2019

Her Worship Lisa Helps
Mayor
Corporation of the City of Victoria
1 Centennial Square
Victoria, British Columbia V8W 1P6

Dear Madam Mayor:

I am pleased to inform you of the approval in principle of the Climate and Seismic Resilient Underground Infrastructure Project (the Project). This approval is given following the successful review of your Project under the terms and conditions of the Disaster Mitigation and Adaptation Fund (DMAF).

Federal funding of the Project from the DMAF will be up to 40 percent of the total eligible project costs, to a maximum federal contribution of \$15,393,320 under this program. Federal funding from all sources cannot exceed 40 percent of the Project's total eligible costs.

With this approval in principle, eligible costs as determined under the terms and conditions of the DMAF and incurred as of the date of this letter will be eligible for federal reimbursement subject to the timely execution of a contribution agreement. If a contribution agreement is not signed, the Government of Canada will not reimburse any costs incurred. Once signed, the contribution agreement represents the final federal approval of the Project.

As we move to the contribution agreement stage, the following conditions will also apply:

- Expenditures incurred prior to the date of this letter, as well as any and all expenditures related to contracts signed prior to the date of this letter, are ineligible for reimbursement with the exception of costs incurred to complete the greenhouse gas assessment which are eligible for a period of up to twelve months prior to the project approval in principle date;
- The Corporation of the City of Victoria will satisfy the Government of Canada with respect to the competitive and transparent tendering process to be established;

...2

- Regardless of the outcome of any of the project tendering processes, all ineligible costs, cost increases or overruns, and any costs related to the ongoing operation and maintenance of the Project, will be the responsibility of the Corporation of the City of Victoria;
- The Corporation of the City of Victoria agrees to work with Infrastructure Canada (INFC) to jointly communicate Canada's funding commitment as soon as possible and to invite Canada to participate in future media announcements or events related to the project's progress and, where appropriate, to produce and erect temporary signage at each of the project sites acknowledging the federal government's contribution to the Project in accordance with the signage guidelines to be provided by the Government of Canada;
- Prior to signing a contribution agreement, the Corporation of the City of Victoria will provide the Government of Canada with evidence that all project funding, other than the federal contribution, has been secured;
- The Corporation of the City of Victoria and the Government of Canada will work to complete the negotiation of a contribution agreement in a timely manner and to this end the Corporation of the City of Victoria will provide cash flows by fiscal year for all project components, a clear indication of how the Project will contribute to one or more of the program outcomes and benefits as well as the indicators that will be used to report on the outcomes and benefits at the Project's substantial completion;
- Canada has determined that there are no requirements under the *Canadian Environmental Assessment Act, 2012* for this Project;
- Canada has determined that there is a legal obligation to consult with Aboriginal groups under section 35 of the *Constitution Act, 1982* for this Project. No site preparation, vegetation removal or construction can occur and Canada will not pay eligible capital costs until Aboriginal consultation and accommodation requirements are met and continue to be met, when applicable as determined by Canada. A letter specifying requirements will follow;
- A greenhouse gas emissions assessment must be completed to Canada's satisfaction in accordance with the *Climate Lens General Guidance* and submitted to Canada, prior to Canada paying any claims for the project;
- The Corporation of the City of Victoria will report on community employment benefits provided to at least three of the federal target groups (apprentices, Indigenous peoples, women, persons with disabilities, veterans, youth, new Canadians, or small- medium-sized enterprises and social enterprises);

- The Corporation of the City of Victoria is also encouraged to consider the economic development and employment opportunities of the local and affected first nations in the construction of the project.

Due to the competitive nature of DMAF, changes to the scope of the Project require careful review and approval by Canada. In addition, I note that the project application you have submitted specifies that project construction is planned to get underway in October 2020 and be completed in January 2028. As your Project is being approved in principle on the basis of this information, please notify my officials, in writing, should you expect delays of more than six months in either the start or completion date. The Project must be completed prior to the end of the program (March 31, 2028), including submission of claims for eligible expenditures.

My officials, will contact you shortly to move forward with the negotiation of the Contribution Agreement.

Thank you for your collaboration to date and I look forward to continuing to work together to conclude a contribution agreement for this project in a timely fashion.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'F. Champagne', with a stylized flourish at the end.

The Honourable François-Philippe Champagne, P.C., M.P.
Minister of Infrastructure and Communities