

The Corporation of the City of Kawartha Lakes

Council Report

Report Number HS2018-001

Date: April 24, 2018

Time: 2:00 p.m.

Place: Council Chambers

Ward Community Identifier: All

Subject: Green Municipal Fund Agreement

Description: Authorizing the execution of an agreement with the Federation of Canadian Municipalities for a loan and grant under the Green Municipal Fund

Author and Title: Rod Sutherland, Director of Human Services

Recommendation(s):

That Report HS2018-001, Green Municipal Fund Agreement, be received; and

That the necessary by-law authorizing the execution of an agreement with the Federation of Canadian Municipalities be presented to Council for adoption.

Department Head:_____

Financial/Legal/HR/Other:_____

Chief Administrative Officer:_____

Background:

On October 24, 2017 Council received Report HS2017-007, Affordable Housing – Office Space Project Update. As part of the subsequent resolution, CR2017-926, Council endorsed the submission of an application to the Federation of Canadian Municipalities' (FCM) Green Municipal Fund as follows:

...**THAT** the application for a grant and loan under the Green Municipal Fund of the Federation of Canadian Municipalities for Capital Project BP1705, be endorsed;

The City's application to the Green Municipal Fund (GMF) was submitted in November 2017.

The GMF provides funding for municipal environmental initiatives that improve air, water, and soil, and reduce greenhouse gas emissions. Funded by the Government of Canada, GMF funding is available to all Canadian municipal governments and their partners for eligible projects through an evaluative two-stage application process. Applications accepted to the second stage are reviewed by independent reviewers with expertise in specific environmental fields.

The City's application to GMF highlighted a project goal of achieving a net-zero design. A net-zero building is designed and built to include on-site renewable energy systems, such as solar and geothermal, so that the building may produce as much energy as it consumes on a yearly basis. The opportunity to collaborate with GMF on this project could provide longer term benefits to the City in support of sustainable planning and future municipal projects.

Rationale:

The FCM has advised the City that application to the GMF was approved for the maximum loan of \$5M and grant of \$750,000 to support the energy efficiency design of the joint Human Services Office / Affordable Housing project at 68 Lindsay St. North. The grant and loan fall under the GMF's Capital Funding stream, specifically for energy efficient design. The value of the grant is based on a percentage of the loan, up to 15%. The grant is not available without the loan portion.

The FCM will be making a formal announcement regarding the City's funding in the coming weeks. The City cannot make a formal funding announcement until that time, however, Council approval is required to execute the agreement at this time. A by-law authorizing the execution of the agreement with FCM is being presented to Council for approval.

The grant and low-interest loan from FCM, provided by the Government of Canada, is being allocated to the existing approved project budget, it is not an increase to the approved budget. The City's Treasurer has reviewed the financing of the overall project to incorporate the GMF funds within the approved project budget, reducing the balance of the debenture. The applicable Borrowing By-Law will be brought to Council for approval once the specific disbursement dates and terms are finalized.

Other Alternatives Considered:

Declining the Green Municipal Fund and fully financing the project through debenture remains an option, however, the ability to partner with FCM reduces the net cost of financing this project in the long term.

Financial Impacts:

The loan portion of the funding from FCM is at an interest rate equal to the average of the Government of Canada ten year benchmark bond yield and the long-term Government of Canada benchmark bond yield; or 4.25%, whichever is higher. While this rate is slightly higher than the available rate from Infrastructure Ontario, the combination of the GMF grant and loan provides a net financial benefit in the long term of approximately \$350,000.

Relationship of Recommendation(s) To The 2016-2019 Strategic Plan:

The recommendation relates to City's Strategic Goals of A Vibrant and Growing Economy and A Healthy Environment.

Consultations:

City Treasurer

Department Head E-Mail: rsutherland@kawarthalakes.ca

Department Head: Rod Sutherland