

The Corporation of the City of Kawartha Lakes

Council Report

Report Number EA2019-013

Date: October 22, 2019
Time: 1:00 p.m.
Place: Council Chambers

Ward Community Identifier: Wards 5 and 7

Title: Replacement of Small Communities Fund Financing for Certain Water-Wastewater Capital Projects

Description: This report requests approval to adjust financing for certain water-wastewater capital projects that are no longer eligible for Small Communities Fund financing due to an update to the capital program supported by the Small Communities Fund grant for cast iron watermain replacement in Lindsay.

Author and Title: Adam Found, Manager of Corporate Assets

Recommendation(s):

That Report EA2019-013, **Replacement of Small Communities Fund Financing for Certain Water-Wastewater Capital Projects**, be received; and

That the Small Communities Fund (SCF) financing of water-wastewater capital projects 998180301, 998180304, 998180309 and 998190309 be replaced with financing from the Water Reserve.

Department Head:_____

Financial/Legal/HR/Other:_____

Chief Administrative Officer:_____

Background:

In 2016, the City received a \$5.76M Small Communities Fund (SCF) grant from the federal and provincial governments to replace cast iron watermain in Lindsay. This is based on a 1/3-1/3-1/3 funding arrangement among the three levels of government respecting eligible expenses. A large portion of the grant is committed to the replacement of cast iron watermain in downtown Lindsay, and therefore the grant represents a significant source of funding for the reconstruction of downtown Lindsay.

As cost and duration of downtown Lindsay reconstruction are greater than expected, the SCF capital program has been reduced, through removal of projects, to accommodate the SCF grant's \$5.76M cap and October 31, 2021 completion deadline. SCF financing for projects removed from the program must now be replaced with alternate financing if the projects have, at least in part, been approved for SCF financing in a capital budget. This report requests approval for such alternate financing.

Rationale:

All SCF projects now displaced by downtown Lindsay reconstruction are such that only the design (not construction) component has been approved by Council as follows:

1. Lindsay Area 6 Mains (998180301)
 - a. Scope: Design
 - b. Budget: \$681,000
 - c. SCF Financing: \$87,849
2. Glenelg St. W. Mains (998180304)
 - a. Scope: Design
 - b. Budget: \$53,000
 - c. SCF Financing: \$12,985
3. King St. Mains (998180309)
 - a. Scope: Design
 - b. Budget: \$150,000
 - c. SCF Financing: \$24,000
4. Pottinger St. Mains (998190309)
 - a. Scope: Design
 - b. Budget: \$78,000
 - c. SCF Financing: \$9,828

As standalone design is an ineligible expense under the Transfer Payment Agreement (TPA) for the SCF grant, the above-noted SCF financing must be

replaced because the construction components of the respective projects will no longer proceed as part of the SCF capital program. Accordingly, staff recommends that the above-noted SCF financing be replaced with Water Reserve financing.

Other Alternatives Considered:

As the TPA for the SCF grant makes standalone design an ineligible expense under that grant, no alternative to the staff recommendation has been identified.

Financial/Operation Impacts:

The staff recommendation results in a total commitment of \$134,662 to the Water Reserve. However, this will be offset by an avoided commitment of equal value to the Water Reserve during the remaining years of the SCF grant (2020-2021). As at this time the Water Reserve is not experiencing cash flow constraints, the staff recommendation has no net financial impact.

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

N/A

Consultations:

Junior Account
Finance Coordinator

Department Head E-Mail: jrojas@kawarthalakes.ca

Department Head: Juan Rojas, Director of Engineering and Corporate Assets