



Council Report

Report Number:	CAO2022-005
Meeting Date:	May 17, 2022
Title:	Summit Wellness Centre
Description:	Recommendation to proceed with releasing project funding to commence project construction while off-setting grant funding is pursued.
Author and Title:	Ron Taylor, Chief Administrative Officer

Recommendation(s):

That Report CAO2022-005, **Summit Wellness Centre**, be received;

That project 953220301 – Summit Wellness Centre be approved for special debenture financing to an upset limit of \$10,000,000 and considered for inclusion in the Development Charges Background Study; and

That the City Treasurer be authorized to refinance capital project 953220301 – Summit Wellness Centre to reduce reliance on debenture financing in the event the project receives additional financing from grants, development charges or other sources.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

Over the past few years, the Coboconk, Norland & Area Chamber of Commerce (Chamber) has led a partnership with the City to repurpose the existing Coboconk Train Station building into a community wellness centre. This facility, to be known as the Summit Wellness Centre, would support needed medical, health and community uses serving the Coboconk-Norland communities and surrounding areas.

In 2020, the Chamber entered into a Volunteer Management Board agreement with the City to manage Coboconk Legion Park, inclusive of the redeveloped Coboconk Train Station building sited on those lands.

At the February 16, 2021 Special Council Meeting, Council adopted the following resolution:

CR2021-091

Moved By Councillor Yeo

Seconded By Councillor Dunn

That the Coboconk Wellness Centre be included in the 2021 Special Projects Budget in the amount of \$126,000 to be funded from the Tax Levy.

Carried

This decision provided necessary funds to advance the planning and preparation work for the proposed facility redevelopment. The Chamber concurrently led a community fundraising campaign to contribute to the facility redevelopment budget.

At the August 10, 2021 Regular Council Meeting, Council adopted the following resolution:

CR2021-369

Moved By Councillor Yeo

Seconded By Councillor Seymour-Fagan

That Report CS2021-006, **Coboconk Wellness Centre Update – Funding Request**, be received;

That funding in the amount of \$150,000.00 be provided to the Coboconk Wellness Centre Committee (Coboconk and Norland Chamber of Commerce) in order to proceed with desired Environmental and Energy Studies and various Designs and Drawings; and

That the funds, not to exceed \$150,000, be financed from the uncommitted portion of the City's Capital Contingency Reserve (1.32248).

Carried

This additional funding was granted to advance the planning and design of the facility redevelopment, and have the project in a “shovel-ready” position in order to leverage offsetting grant funding, and further community fundraising.

At the October 5, 2021 Committee of the Whole meeting, the Mayor brought forward a memorandum recommending, among other things, that staff bring forward as a decision unit in the 2022 capital budget, funding/financing options to allow the project to commence construction in 2022.

At the November 30, 2021 Special Council Meeting, Council adopted the following resolution:

CR2021-610

Moved By Councillor Yeo

Seconded By Councillor Dunn

That the CAO and Treasurer be authorized to pursue provincial grant funding for the Summit Wellness Centre, and implement the project through a special debenture, that debenture not exceeding ten million dollars; and

That Staff report back with an update on any provincial grant funding opportunities.

Carried

This report is provided to update Council on funding opportunities being pursued, and recommending that this capital project be established in our 2022 work plan, with required City funding committed through Special debenture that will be advanced upon completion of the project in 2024/2025. This debenture will not form part of the Council approved debt limit for Tax Levy debt of \$25 Million but instead will be considered a special debenture where no new debt limit is created as the debt is paid off.

Rationale:

The Chamber is completing the required site plan approvals for this project, after which they would be ready to obtain permit(s) for site works and facility reconstruction. This work could begin later in 2022.

Council already authorized staff to establish a special debenture funding source for this project, not to exceed \$10 Million. The expectation through that financial commitment was that both the City and Chamber would continue to pursue provincial and federal capital and operating grant funding to partially offset total project construction costs, medical-grade space retrofits and/or future operating costs.

Grant funding continues to be actively pursued, and any secured offsetting funds would be reported to council. Funding programs being pursued include, but are not limited to:

- Infrastructure Canada – Green & Inclusive Community Buildings
- Employment & Social Development Canada – Enabling Accessibility
- FedDev Ontario – Canada Community Revitalization Fund
- Ministry of Health retrofit funding, in partnership with the Kawartha North Family Health Team (KNFHT).

Both staff and the Chamber remain committed to providing updates to council on successful funding being secured, community fundraising efforts, and project progress. To-date, the Chamber has successfully fundraised approximately \$1 Million for this project, with a total fundraising goal of \$1.5 Million.

It is important to establish this capital project and funding source in its entirety to allow staff and the Chamber to initiate and award construction contracts, and commence substantive works.

Other Alternatives Considered:

Council could decide to withhold substantial funding and/or provide partial funding pending success of securing certain grants. This is not recommended as substantial site and facility reconstruction works are anticipated to commence this year, and could not proceed without project funding known and committed to.

Alignment to Strategic Priorities

An Exceptional Quality of Life is a strategic priority within the 2020-2023 Kawartha Lakes Strategic Plan. One stated goal is to improve the health and well-being of residents. A committed action to accomplish this is to “(p)artner to establish a wellness centre in Coboconk”.

Proceeding with this project through the recommended core funding fulfills this commitment in our Strategic Plan.

Financial Impacts:

Council has authorized special debenture funding for this project to an upset limit of \$10 Million for financial planning purposes. Council has already approved advances totalling \$276,000 and funded by reserves. Staff and the Chamber remain committed to pursuing off-setting grant funding for this project.

If the City is unsuccessful in securing grant funding for this project, staff will debenture the project up to the maximum amount of \$10,000,000. The special debenture is expected to be advanced in 2024/2025, depending upon date of completion of the project, for 30 years at an interest rate of 5%. The current Infrastructure Ontario interest rate is 4.27% for a 30-year term, however this is expected to rise. Staff have therefore used 5% as a conservative estimate. This debt will not form part of the Council-approved tax levy debt limit of \$25 million but will instead be repaid over 30 years with future payments not freeing up new debt room. At this level of debt and at an interest rate of 5%, the impact on the City's operating fund will be approximately \$420,000 for the first year (2024/2025), decreasing to \$171,000 by the end of 2054. Over the 30-year term of the debenture, the City would pay \$7,629,451.89 in interest.

The \$10 million debenture will increase our debt servicing ratio by approximately 0.5% in 2024/2025, an impact already included in the Long-Term Financial Plan. It translates into an added pressure of approximately 0.38% on the tax levy if there is no offsetting external funding secured for the project. Staff will update Council as grant financing is pursued and secured for the project. The City Treasurer will reduce the amount of debenture needed for the project commensurately with any grants or other funding received.

Consultations:

Director, Community Services
City Treasurer
Coboconk, Norland and Area Chamber of Commerce

Attachments:

Appendix A – Site Plan



Appendix A - Site
Plan.pdf

Appendix B – Facility Rendering



Appendix B -
Facility Rendering.p

Department Head email: rtaylor@kawarthalakes.ca

Department Head: Ron Taylor, Chief Administrative Officer