

Town of Riverview

COUNCIL REPORT FORM



Presented to: Mayor and Town Council

Department: CAO

Date: February 13, 2017

Subject: Pine Glen Federal/Provincial Application for Funding

BACKGROUND

On January 20, 2017, the Provincial and Federal Government announced funding for 74 water and waste water projects in New Brunswick. Included in that announcement was approval for \$1.8 million (\$1.2 million from the Federal Government & \$0.6 million from the Province) for the Town of Riverview for Pine Glen Road watermain extension and sewer upgrade, Phase 5 of the Pine Glen Road Project. The proposed funding for this project will be split 50% Federal Government; 25% Provincial Government; and 25% Municipal Government. Town Council had approved a resolution approving the application for funding for this project at the Regular Council meeting of September 12, 2016.

This project was described as follows in our funding application:

The Town of Riverview's incremental growth requires consistent investment in the infrastructure necessary to maintain that growth. Growth in existing neighborhoods creates pressures on existing infrastructure while new subdivision development requires a well-designed network of piped infrastructure that meets the Town's needs now and into the future.

This project will address the capacity of the sewer system that is currently overburdened due to growth at the Town's southern boundary as well as extending the watermain on Pine Glen Road to loop to a new subdivision and extend municipal water supply to homes and businesses outside of the current serviceable boundary. This will be done by adding 300 meters of watermain and renewing 400 meters of sewer main. This will be done over a 900 meter long stretch of existing roadway.

There are presently sewer back-ups in the sewer system along Pine Glen when the sewer lift station from the Cross Creek Community discharges into the existing sewer system on Pine Glen. The existing system is over capacity and is a major restraint on future development in the area. The existing lift station is already running at a reduced capacity in order to reduce the impact on the Town's infrastructure. By upgrading the system, additional development could be accommodated. By extending the water system, we would remove a dead-end in the system and provide a safe and reliable water source to more residents and would encourage additional commercial development in the area.

While this is exciting news for the Town of Riverview it does require us to make some adjustments to our general and utility capital budget plans for 2017. To receive the Federal and Provincial funding for this project, the construction must be completed by March 31, 2018. Therefore, the project must be done during the construction season of 2017.

This project was originally included in the proposed 2017 Capital Budget by the Department of Engineering and Public Works, however it was deferred in our planning schedule by the CAO since we had not received confirmation that the funds were going to be received from the Federal and Provincial Governments. As well the deferral of the project allowed the Town to better meet the overall budget parameters for the 2017 budget process established by Council.

The estimated budget for this project has been updated as follows:

Total Project Budget	\$2.2 million
Federal Government Share (50%)	\$1.1 million
Provincial Government Share (25%)	\$550,000
Town's Share (25%)	\$550,000

Due to the nature of the work, the Town's share would need to be split between the General Capital Fund and the Utility Capital Fund:

- \$450,000 General Capital Fund
- \$100,000 Utility Capital Fund

Now that the project has been approved for funding by the upper levels of government, Council must make a decision on how the Town is going to fund its share of this project if it's going to proceed. Below are the following options for Council:

- 1) Execute the project in 2017 and increase the amount the Town will borrow in 2017 by the Town's share of this project. \$450,000 will increase the Town's general fund debt ratio by 0.13% percent and increase our future annual borrowing payment by \$42,000 for 15 years.
- 2) Execute the project in 2017 and fund the project by the available funds in the Town's capital reserve. The Town currently has \$1.2 million in its general capital reserve and it will be adding \$490,000 to those reserves in 2017 (this excludes the reserve funds for the Wellness Centre).
- 3) Execute the project in 2017 and reduce the 2017 capital budget plan by an equal value of the proposed project. As an example the Town could defer the local improvement projects on Olive (\$220,000 - General) and Fatima (\$245,000 - General) or the project planned for Wentworth (\$625,000).
- 4) Make the decision to defer the Pine Glen project for future years and do not accept the Federal and Provincial Funding.

CONSIDERATIONS

Legal: The Town must sign a formal agreement with the Federal and Provincial Government to access those funds.

Financial: Outlined in table above

Policy: n/a

Stakeholders: Residents; Federal and Provincial Governments; etc.

Strategic Plan: Planning for the Future

Interdepartmental Consultation: Finance & Economic Development

Communication Plan: n/a

RECOMMENDATION FROM STAFF

Town Management recommends that the Town Council authorize the use of the General Capital and Utility Capital Reserves to fund the Town's share of the Pine Glen Phase 5 Project.