



The Town of Niagara-On-The-Lake

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Report:	CS-21-035	Committee Date:	December 20, 2021
		Due in Council:	December 20, 2021

Report To:	Lord Mayor and Council
Subject:	Mississauga Culvert

1. RECOMMENDATION

It is respectfully recommended that:

- 1.1 Council approves the allocation of top-up funds received under the Federal Gas Tax Fund/Canada Community Building Fund totalling \$533,887.22 to the Mississauga Culvert Replacement project, with total costs of \$540,335.04, to avoid a planned debenture.
- 1.2 Council approves that the balance of \$6,447.82 be funded from the Capital Reserve.

2. PURPOSE / PROPOSAL

The purpose of this report is to approve the reallocation of the Federal Gas Funds/Canada Community Building Fund to the Mississauga Culvert replacement, previously approved to be funded by debt.

3. BACKGROUND

As part of the 2021 approved capital program, the Mississauga Culvert Replacement project (C01210) was budgeted at the cost of \$552,000 and was to be funded through a debenture. Principal and interest costs of \$31,987 were budgeted in the 2021 operating budget representing the potential first payments of the debenture.

Discussion around this project at the January 27th, 2021 Special Council Meeting lead to direction from Council to revisit this project before debenturing to evaluate the potential of alternate funding sources.

In mid-summer, the Federal Government announced several changes to the 2021 Federal Gas Tax Program. First, the fund was to be renamed the Canada Community Building Fund, and secondly, municipalities would receive a top-up payment for 2021. As a result, the Town received an additional \$533,887.

4. DISCUSSION / ANALYSIS

The project has been completed, and the final costs total \$540,335.04 for the culvert replacement. Applying the additional Federal Gas Funds/Canada Community Building Funds of \$533,887.22 will leave a minor balance of \$6,447.82 which will need to be funded. For this small excess amount, Staff would recommend the Capital Reserve. Should this initiative be approved, the operating funds budgeted for the debenture payments will be placed into the Town's Debt-Reduction Reserve to reduce future debt payments for 2022, providing a small, one-time offset of \$31,987 for tax levy funded debt.

5. Strategic Plan

Not Applicable

6. OPTIONS

- 6.1 **Option 1:** Approve the recommendation to allocate top-up Federal Gas Funds/Canada Community Building Funds to the Mississauga Culvert Replacement Project and avoid the planned debenture. ***(As Recommended)***
- 6.2 **Option 2:** Continue with the planned debenture of the project. The top-up funds will be applied to the 2022 Capital Budget Process to review eligible projects. ***(Not Recommended)***

7. FINANCIAL IMPLICATIONS

Should the recommendation be approved, the planned debenture will be avoided, and \$31,987 that was budgeted for first-year principal and interest repayments will be placed in the Town's Debt-Reduction reserve. For 2022, this amount will be used to offset existing debentures and provide a one-time reduction to the tax levy.

8. COMMUNICATIONS

There are no official communications associated with this report. Staff will complete regularly scheduled reporting requirements under the Federal Gas Tax/Canada Community Building Funds program for the project identified.

9. CONCLUSION

Staff is seeking Council's approval in reallocating additional top-up funds in 2021 to avoid a planned debenture, as requested by Council at the January 27th, 2021 Special Council Meeting.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Freeborn'.

**Kyle Freeborn, CPA, CMA
Director, Corporate
Services**

A handwritten signature in black ink, appearing to read 'M. Cluckie'.

**Marnie Cluckie, MS.LOD, B.ARCH, B.ES
Chief Administrative Officer**

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