

District of Barriere
REPORT TO COUNCIL
Memorandum

Date: October 21, 2024	File: 530.20/Rpts
To: Council	From: Chief Administrative Officer
Re: Capital Project Funding Realignment	

Purpose

To provide Council with an updated plan for executing and funding of two current capital projects.

Background

- We internally reviewed opportunities to maximize District funding across the various grant projects while equally focusing on reducing current risks and providing for best future revenue and taxation potential.
- We've also discussed the potential realignment of District projects with our engineering consultants, and they agree that this proposed solution below would indeed fall within the Wastewater Treatment Plant (WWTP) grant parameters and likewise provide opportunity for substantial growth in an underdeveloped area in Barriere while at the same time deferring some of the risk away from the aging downtown watermains.

Background WWTP:

- So far, the WWTP project was intended to be funded by roughly \$5.2Mil in grant funding and \$1.9Mil of District funding. To fund the \$1.9Mil, Council so far has an established loan authorization Bylaw for up to that amount, over a period of up to 25 years.
- As such a \$1.9Mil loan over 25 years with the current MFA interest rate of 4.44% would lead to an annual payment of \$142,000 which would need to be funded through District funds (taxation, reserves, or other revenues). If fully funded through taxation, this would be a roughly 11.8% tax increase added to annual property taxes for 25 years. Over this time, the District would pay a total of \$3.555 Mil to fund the \$1.9Mil.
- The grant agreement with the Province is such that any funds left over from the treatment plant portion of the project can be used to upgrade/install wastewater and other necessary infrastructure. The intent for this when the application was filled was for the downtown and southern end of Barriere Town Road.
- The estimated cost for the treatment plant is around \$5-6 Mil which would have up to \$1.1 to 2.1 Mil available for other infrastructure.

Background REDIP

- In addition, the REDIP fund would cover up to \$1Mil of an up to \$3Mil project to extend wastewater, and possibly water services, to the east side of the Highway 5 corridor north of the highway bridge.
- This project intends to enhance access to municipal water and wastewater services to 3 large properties on the north side of the river. Two of which have current plans for large scale developments, while also resolving boil water advisories in the area.
- The project would leave the District (and other funders) to fund the roughly \$2Mil gap.
- The initial intent for this project was to use the Growing Communities Fund of \$1.3Mil and funding from private property owners to cover most of the \$2Mil gap.

The original plans from above, and looked at individually, have rough budgets as indicated below:

Item	WWTP + Infrastructure	REDIP	Totals
Total Project cost	\$7.1 Mil	\$3.0 Mil	\$10.1 Mil
Main Grant	\$5.2 Mil	\$1.0 Mil	\$6.2 Mil
Other Grant (Growing Communities)		\$1.3 Mil	\$1.3 Mil
Total District or other Funds	\$1.9 Mil	\$0.7 Mil	\$2.6 Mil

Realigned Plan:

- After reviewing the various funding scenarios, and long-term financial debt servicing impacts, Staff is proposing to make some adjustments, to ultimately have the least amount of debt by the time the WWTP project is complete and ideally fund the REDIP grant project in the process as well.
- To accomplish that, instead of planning with a downtown and Barriere Town Road wastewater project as part of the WWTP project, we intend to re-align the wastewater infrastructure portion of the project to the Highway 5 corridor (REDIP) project instead. The engineers agreed that establishing a looped water service as part of this project would decrease the risk regarding water flows in the downtown area.
- By doing so, we suggest using the Growing Communities Fund grant to offset costs/requirements for both projects simultaneously, essentially reducing the overall need for funding by up to \$2Mil to as low as \$0.6Mil.
- As an option, to borrow that \$600,000 over a 5year period at 4.44% would cost annually roughly \$141,000 and the overall total payments over that time would equal roughly \$707,000; freeing up critical funds in the future.

The anticipated rough budget forecast for the realigned plan is below:

Project Costs	
WWTP Only Project Cost (no wastewater infrastructure)	\$5.1 Mil
REDIP Project Cost	\$3.0 Mil
Total Cost	\$8.1 Mil
Grants for Projects	
WWTP Grant	\$5.2 Mil
REDIP Grant	\$1.0 Mil
Other Grant (Growing Communities)	\$1.3 Mil
Total Grants towards Projects	\$7.5 Mil
Total District or other Funds needed	\$0.6Mil

Next Steps

- Given the above, Staff intends to proceed with the realigned plan as indicated above.
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Attachments

- N/A

Alternate Options

1. Council could direct Staff to continue with the original plans and treat both projects independent of each other.

Prepared by:
D. Drexler, Chief Administrative Officer