



TO: Mayor Bridge and Members of Council
FROM: Brian Hansen, Public Works Director
DATE: March 1, 2017
SUBJECT: George Street 2017 Construction Project Update

STRATEGIC PLAN:

5.3 Ensure financial plans to include a blend of capital financing methods including long-term debt, user fees, grants, internal reserves and taxation, and maintain reserves to the point where Minto reduces reliance on borrowing or tax increases to finance major capital expenditures.

BACKGROUND

At January 24th's budget meeting Council passed the following resolution:

MOTION: COW 2016-011

THAT staff report back to Council on the proposed George Street and Maitland Street project, Harriston with a view to reducing cost and potential borrowing.

The George Street Reconstruction project originally involved replacing aging watermain, sanitary sewer, storm sewer and roadway to improve the systems function and address inflow and infiltration concerns.



George Street; Maitland St.

During detailed design of the project, Public Works in consultation with Triton Engineering recommended decommissioning an existing shared sanitary sewer located on private lands in the back yards of the Maitland Street East properties. Including sewer relocation and rebuilding Maitland Street this work added over \$334,000 to the total project cost. This

increased total project cost to \$1.73 million which included \$780,000 of borrowing to fund the Town's share of the Community Water and Wastewater Funding (CWWF) grant as well as additional work on Maitland and the roadway.

COMMENT

The C.A.O. Clerk, Treasurer, Public Works staff and Triton Engineering met to review options with a view to decreasing costs closer to the original \$1.1 million grant allocation. After review and considering the current shared sanitary sewer in private rear yards are believed to be in good working order, Triton Engineering agrees the most logical and economical way to proceed is to remove the Maitland Street portion entirely. It is recommended Maitland Street be reconsidered as a future project to improve and correct the Town's access. A lateral service will be installed on George Street to accommodate relocation of the sewer on Maitland into the road allowance.

By removing sidewalk on the north side of George Street, reducing contingency, and drastically cutting the scope of Maitland Street Work total project cost drops to \$1.43 million. Mayor Bridge, Finance Chair Colwell, the C.A.O. Clerk and Treasurer met to look at funding and three alternatives were considered:

1. Reduce the project cost to \$1.43 million and fund the Town's \$680,000 project share (including added roadwork) with \$88,000 from Federal Gas Tax, \$75,000 from OCIF-Formula, \$12,000 from taxes and user fees, \$70,000 coming from reserves, and \$435,000 borrowing
2. Reduce cost to \$1.43 and fund the Town's \$680,000 share of the project with \$250,000 borrowing, \$88,000 from Federal Gas Tax, \$75,000 from OCIF-Formula, \$12,000 from taxes and user fees and \$255,000 coming from reserves.
3. Fund the \$1.73 million project as presented in January with \$775,000 borrowing.

FINANCIAL IMPLICATIONS

Depending on the option approved, Staff would revise the proposed capital budget following the public open house March 21 in time for budget bylaw approvals in April. Regardless of the option selected total reserves will remain above total borrowing as required by the Town's Financial Accountability Policy. Also the proposed 2017 budget increase of 2.9% remains unchanged.

RECOMMENDATION

That Council receives the Public Works Director and Treasurer's March 1 report George Street 2017 Construction Project Update, and provides direction on the scope of work for Maitland Street and required borrowing for presentation at the March 21 open house and final budget approval

Brian Hansen, Public Works Director

Gordon Duff, Treasurer