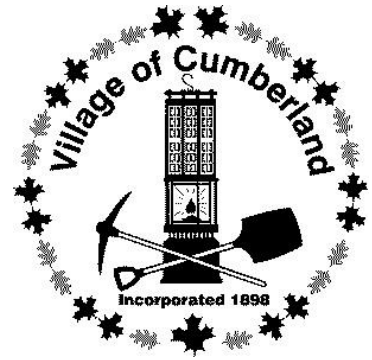


COUNCIL REPORT



REPORT DATE: May 9, 2018
MEETING DATE: May 14, 2018

TO: Mayor and Councillors
FROM: Sundance Topham, Chief Administrative Officer
SUBJECT: Wastewater Electoral Assent and Borrowing Parameters

RECOMMENDATION

- i. THAT the Council receive the Wastewater Electoral Assent and Borrowing Parameters report.
- ii. THAT Council provide direction to staff in relation to the type of Electoral Assent process to undertake, as well as the amount of funding to apply for in order to fund the Village's portion of required wastewater upgrades.

SUMMARY

On April 9, 2018, Council considered wastewater treatment options as part of its liquid waste management plan process, and decided on the following direction:

THAT the following recommendation of the Technical Consultant and Wastewater Advisory Committee be adopted for the preferred Discharge Option:

- 1. With the exception of the future reuse applications, discharge shall continue to be to the Maple Lake Creek Watershed;*
- 2. A second (indirect) discharge location to the Maple Lake Creek watershed via the North Wetland be established; and,*
- 3. Any future reuse applications take into consideration maintaining minimum dry weather flows in Maple Lake Creek;*

AND THAT Option 1, Phase 2A – Upgraded Lagoon to MEP quality, with discharge to the North Wetland – be adopted as the preferred long term Treatment Option;

AND THAT the Biochar Reed Bed be adopted as part of the long-term Treatment Option, subject to further study and successful pilot testing;

AND THAT a complete project, rather than a phased one, be pursued for all grant applications, and only execute a phased project if there is insufficient grant funding obtained for a complete project;

AND THAT Cumberland moves to implementation of a project using the regulatory authority of the Discharge Permit, and seeking elector approval for any borrowing, rather than waiting for authorizations by completion of Stage 3 of the LWMP;

AND THAT Council direct staff to provide a report summarizing the risks and opportunities associated with seeking elector approval for borrowing in advance of securing grant funding.

This report contains an attached memo from the Liquid Waste Management Planning Project Coordinator that summarizes in detail the risks and opportunities associated with seeking elector approval for borrowing in advance of securing grant funding.

Although the memo contains recommendations in regards to how to proceed for borrowing (both in terms of the electoral approval process and the amount to borrow), the decision is ultimately Council's to make, and this report provides a summary of the options available to Council, and asks for Council to provide direction as to next steps.

BACKGROUND

The Village is out of compliance with its wastewater treatment, and although Council has chosen a path that will lead to eventual compliance, some important decisions are still required in regards to borrowing, timing and process.

As noted by the Liquid Waste Management Planning Coordinator during his April presentation, achieving full compliance will cost \$9.7 Million. Although the hope is to secure the vast majority of these funds through grants, the reality is that the Village will need to pay a portion of the costs, which will require some form of long-term borrowing to proceed, which in turn will require elector approval.

The question moving forward is how to proceed with the electoral approval process, and how much money to borrow.

As the attached memo details, there are a number of options available to the Village both in regards to electoral approval, as well as borrowing options, which are summarized below.

Electoral Approval

The only way to avoid elector approval for borrowing is to complete the Stage 3 LWMP, and use the borrowing authority it confers. It is assumed that completing the Stage 3 LWMP will take at least another two years, and thus the borrowing authority it confers is too late to move forward with a project in 2019-2020.

Thus, some form of elector approval is required, and there are two means – assent voting and alternative approval process (AAP). The choice as to which one is “better” – gives a better mandate – is a political question. From an administrative point of view, the AAP is simpler and – critically – faster.

There are – effectively – only two opportunities for seeking elector approval in 2018;

1. A summer AAP process
2. Assent voting at the October 20, 2018 municipal election

Assent voting in the summer is likely impractical given the time, complexity and expense involved - it would be almost be election date by the time the vote could be mounted.

A summer AAP however can be completed in time to be of use for a funding application. Going on the timelines of the AAPs for the Clean Water and Wastewater Fund in 2016-2017, the best possible timeline could be;

1. First, second third reading of a borrowing bylaw at May 28 Council
2. Approval by inspector of Municipalities one month later, by the end of June
3. Council to establish deadline for receiving elector responses at June 25 Council meeting
4. AAP notices published first two weeks of July
5. Thirty day response period begins July 11 and ends August 9
6. Borrowing bylaw considered for adoption August 13 Council meeting

This scenario presents a very tight timeline with some risks, say if Ministerial approval is not received in the time expected, or advertising deadlines are not met. A more reliable schedule would see elector approval deadline of August 23.

This results in a decision two months ahead of the election, which is a useful advancement of the timeline. It improves both the chances of getting funding, and for the little-known possibility of getting an expedited funding approval, discussed in section 5.

If it is judged that a summer AAP cannot deliver a result more than at least a month ahead of the October 20 election, it is likely not worth pursuing.

A summer AAP also has the advantage of removing the decision from the politics of election time. During the AAP people are only focused on the question of the AAP, and during the election, a major issue has already been decided, leaving people to focus attention on other things.

If the summer AAP fails, the option to proceed to assent voting on October 20, 2018 would be eliminated as elector approval must be received within 80 days of Ministerial approval of the borrowing bylaw.

Amount to Borrow

In addition to the decision as to what type of electoral approval process to undertake, a second key decision that needs to be made is how much to borrow.

The simplified version of the funding strategy moving forward is as follows;

- Secure enough federal/provincial infrastructure grant funding to allow the full \$9.7M project scope to proceed.

This is a one-step strategy as without additional grant funding, Cumberland cannot borrow enough to execute the full scope, and must execute Phase 1 only.

The way the funding is being pursued is to;

1. Have Cumberland contribute \$1.23M from reserves (already committed in the approved 2018-2022 Financial Plan)
2. Secure funding approval from GMF for *up to* a \$5M loan and \$750k grant (applied May 2018)
3. Use the Green Municipal Fund (GMF) funding approval to assist in obtaining provincial/federal infrastructure funding, as GMF is stamp of environmental leadership on the project

4. Use the MoE environmental enforcement to assist in obtaining provincial/federal infrastructure funding, as it is an indication of the urgency of the situation.
5. Pursue infrastructure grant funding in the 2018 funding call (Applications expected in summer 2018).
6. Adjust the size of the GMF loan and grant to take the total to \$9.7M

The funding share of the provincial/federal programs varies according to the program, and historically has been 2/3 funding, with the municipality making up the remainder. The last funding call, the 2016 Clean Water and Wastewater Fund, had an 83% contribution, but there is no guarantee this will be repeated. Presently, the federal government has announced that its share will be 50%, but there has been no indication from the Province as to what their share will be, but there has to be at least some partnering funding.

For this analysis, it has been assumed that the infrastructure grant funding will be 2/3 share.

The combinations of scope and grant funding create three possible scenarios, as shown in Table 1

Table 1- Grant Funding and Project Scope Scenarios

Scenario	Scenario 1 – Best Case	Scenario 2 – Next Best Case	Scenario 3 – Worst Case
Funding Result	Receive GMF and infrastructure funding for 2/3 of \$9.7M	GMF denied, receive infrastructure funding for 2/3 of \$9.7M	Infrastructure funding denied, must decline GMF funding as Phase 1 (only) is not eligible for GMF
Project Scope	Ph1 +2A + Reed Bed	Ph1 +2A + Reed Bed	Ph1 only
<i>Funding Source</i>			
VoC Reserves	\$1.23M	\$1.23M	\$1.23M
Fed/Prov Infrastructure	\$6.47M	\$6.47M	\$0
Subtotal	\$7.7M	\$7.7M	\$1.23M
GMF Loan	\$1.74M	\$0	\$0
GMF Grant (15% of loan)	\$0.26M	\$0	\$0
VoC MFA Borrowing	\$0	\$2.0M	\$4.37M
Total Project	\$9.7M	\$9.7M	\$5.6M
Total VoC Borrowing	\$1.74M	\$2.0M	\$4.37M

From this analysis, a borrowing approval of \$4.4M will cover all the scenarios.

With GMF, even though the approval for the funding (maximum loan amount) is given in advance, the actual loan amount does not need to be finalized until the project is fully funded and completed. If other partnering funding is obtained, or the project costs come in below expectations, then a lesser loan amount can be used, and the grant amount is reduced accordingly. The loan terms are set at the commencement of the project but the funds are paid out upon completion of the project, when the loan amount is known.

As detailed above there are options available to the Village moving forward, and a key point is to decide whether the borrowing bylaw and AAP will be for;

- 1) Borrowing up to \$2.0M for part of a grant funded, complete (\$9.7M) project only, or
- 2) Borrowing up to \$4.4M to allow for both a complete project, or for just Phase 1 project (\$5.6M) to proceed even if grant funding is not secured,

There is an argument to be made for doing option (1) – a specific AAP on borrowing that is part of a complete project that is expected to be grant funded. This way the electors know exactly what they are approving (or petitioning against).

With option (2) where the Phase 1 project is also contemplated, there is the unusual situation of potentially borrowing more money for a lesser project scope, which may change people’s views on the borrowing, preferring to hold out for another funding chance if the 2018 efforts are not successful.

The argument in favour of Option (2) is that the AAP is done once, and – assuming success – the wastewater project can move ahead, and regulatory compliance be achieved as soon as possible. In effect, option (2) makes the AAP not just about borrowing, but about making a decision to “get it done”. It would effectively conclude the process of seeking a “made in Cumberland solution” that began with the withdrawal from the South Sewer Project in 2015.

Even with a successful AAP, Council can always change its mind and decide, for whatever reasons, not to proceed with the project, but in the absence of such a reversal, the project can proceed expediently.

FINANCIAL IMPLICATIONS

The Wastewater Advisory Committee had set the most important Evaluation Goal for the project being the “sustainable tax burden”. On the question of borrowing, a longer term makes for a lower annual tax burden on each land parcel.

In order to be able to borrow from either GMF or MFA, it is recommended that the borrowing term be set at 20 years.

A comparison of the annual tax increase for the three scenarios is shown below in Table 2. Tax burden calculations were originally presented to Council as part of the April 9, 2018 Council Report on the LWMP Treatment Options, and have been updated to reflect the contributions from Reserves adopted in the 2018-2022 Financial Plan.

Table 2 -Tax Increments for Funding Scenarios

Scenario	Scenario 1 – Best Case	Scenario 2 – Next Best Case	Scenario 3 – Worst Case
Funding Result	Receive GMF and infrastructure funding for 2/3 of \$9.7M	GMF denied, receive infrastructure funding for 2/3 of \$9.7M	Infrastructure funding denied, must decline GMF funding as Phase 1 (only) is not eligible for GMF
Project Scope	Ph1 +2A + Reed Bed	Ph1 +2A + Reed Bed	Ph1 only
Total Project Cost	\$9.7M	\$9.7M	\$5.6M
VoC Reserves	\$1.23M	\$1.23M	\$1.23M
Grants	\$6.73M	\$6.47M	\$0
VoC Borrowing	\$1.74M	\$2.0M	\$4.4M
Annual Loan Repayment	\$128,032	\$147,164	\$323,760
Annual Repayment per Parcel	\$85	\$98	\$216
Annual Operating Cost (additional to current costs)	\$375,000	\$375,000	\$350,000
Annual Operating Costs, increase per parcel	\$250	\$250	\$233
Total Annual Increase per parcel	\$335	\$348	\$449
Existing Wastewater Operations Costs, per parcel	\$600	\$600	\$600
Total Wastewater cost, per parcel	\$935	\$948	\$1049

The calculations in Table 2 include the following assumptions;

- Borrowing for 20 years, at 4% interest
- 1500 property parcels in 2019, capital and operating costs spread equally
- A portion - 75% - of wastewater DCC's collected in the future are used to pay off the loans
- Village grows to 1792 parcels in 2023 –triggering point and time for Phase 2, if not done originally as a complete project.
- VoC contributes \$1.23M in reserves

OPERATIONAL IMPLICATIONS

Conducting Electoral Approval will require significant input from the finance and legislative services departments. The grant writing will be conducted by our contract Liquid Waste Management Planning Coordinator, with accompanying review by senior staff.

STRATEGIC OBJECTIVE

Receiving funding for wastewater improvements will help move forward Council's 2018 strategic objective of *Developing an environmentally sustainable method of treating the liquid waste that is produced by the Village.*

ATTACHMENTS

1. Schedule A – Liquid Waste Management Plan Project Memo – Financing Plan and Elector Approval – May 8, 2018

CONCURRENCE

Rob Crisfield, Manager of Operations



Michelle Mason, Financial Officer


Rachel Parker, Deputy Corporate Officer



OPTIONS

1. Provide direction to staff in relation to the type of Electoral Assent process to undertake, as well as the amount of funding to apply for in order to fund the Village's portion of required wastewater upgrades.
2. Any other action deemed appropriate by Council.

Respectfully submitted,



Sundance Topham
Chief Administrative Officer

Liquid Waste Management Plan

Project Memo

TO: Sundance Topham, CAO
SUBJECT: Financing Plan and Elector Approval
DATE: 8 May 2018
Prepared By: Paul Nash



1.0 BACKGROUND

The proposed \$9.7M wastewater upgrade project will require some form of long term borrowing to proceed, and that borrowing will require elector approval. This memo outlines the context and options for seeking elector approval in 2018, and how that benefits the grant funding process and potentially advances the eventual project execution.

2.0 FUNDING STRATEGY

The simplified version of the funding strategy is to;

- Secure enough federal/provincial infrastructure grant funding to allow the full \$9.7M project scope to proceed.

This is a one-step strategy as without additional grant funding, Cumberland cannot borrow enough to execute the full scope, and must execute Phase 1 only.

The way the funding is being pursued is to;

1. Have Cumberland contribute \$1.23M from reserves (already committed in the approved 2018-2022 Financial Plan)
2. Secure funding approval from GMF for **up to** a \$5M loan and \$750k grant (applied May 2018)
3. Use the Green Municipal Fund (GMF) funding approval to assist in obtaining provincial/federal infrastructure funding, as GMF is stamp of environmental leadership on the project
4. Use the MoE environmental enforcement to assist in obtaining provincial/federal infrastructure funding, as it is an indication of the urgency of the situation.
5. Pursue infrastructure grant funding in the 2018 funding call (Applications expected in summer 2018).
6. Adjust the size of the GMF loan and grant to take the total to \$9.7M

The funding share of the provincial/federal programs varies according to the program, and historically has been 2/3 funding, with the municipality making up the remainder. The last funding call, the 2016 Clean Water and Wastewater Fund, had an 83% contribution, but there is no guarantee this will be repeated. Presently, the federal government has announced that its share will be 50%, but there has been no indication from the Province as to what their share will be, but there has to be at least some partnering funding.

For this analysis, it has been assumed that the infrastructure grant funding will be 2/3 share.

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Borrowing Term Periods

The Green Municipal Fund offers two options for the loan;

1. 10 Year Term, interest rate the higher of 3.41% or Government of Canada (GoC) Bond Rate, less 1.5%
2. 20 Year Term, interest rate the higher of 4.0% or GoC Bond Rate

With the BC Municipal Finance Authority, loans can be for any term up to 30 years, and interest rates vary with the term.



The Wastewater Advisory Committee had set the most important Evaluation Goal for the project being the “sustainable tax burden”. On the question of borrowing, a longer term makes for a lower annual tax burden on each land parcel.

In order to be able to borrow from either GMF or MFA, it is recommended that the borrowing term be set at 20 years.

A comparison of the annual tax increase for the three scenarios is shown below in Table 2. Tax burden calculations were originally presented to Council as part of the April 9 Council Report on the LWMP Treatment Options, and have been updated to reflect the contributions from Reserves adopted in the 2018-2022 Financial Plan.

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- Village grows to 1792 parcels in 2023 –triggering point and time for Phase 2, if not done originally as a complete project.
- VoC contributes \$1.23M in reserves

3.0 GRANT FUNDING RISKS

Risk of not Securing Additional Funds

The major risk for Cumberland is that of not being successful with infrastructure grant applications. Meanwhile, Cumberland is out of compliance with provincial and federal regulations, and subject to potential enforcement action.

Given this situation, the both the Technical Consultant and the LWMP Project Coordinator strongly recommended that if funding cannot be secured by the spring of 2019, that Cumberland proceed immediately with just the "Phase 1" project, which is the minimal scope required to achieve regulatory compliance. To wait another year trying to secure funding for a complete project risks enforcement action.

Cumberland has sufficient borrowing capacity to execute this \$5.6M, Phase 1 project without external funding. Practically speaking the risk of not securing additional funding manifests itself as forcing the project to be split into two phases, with the attendant cost of a re-mobilising for the second phase in about five years, and the delaying of the community benefits from a complete project.

Risk Evaluation by Funding Programs

As the 2016 application to the Clean Water and Wastewater fund showed, there is always a risk of being denied funding, regardless of the technical merits of a project.

When the federal-provincial infrastructure funding programs evaluate project applications, the evaluators are not just looking at the technical and economic criteria- they are also looking at the risks related to the project. There is a very strong desire to have the funded projects be successfully completed on time and budget, and not become white elephants. Thus, a major part of the evaluation is the assessment of risk to successful completion. The most prominent risks include;

- not receiving regulatory approvals; and
- not receiving borrowing approval from electors (referendums or Alternate Approval Processes) and thus not even starting the project (e.g. South Sewer)
- going over time;
- going over budget;
- not being completed at all;

- failing to achieve the desired results (especially for innovative projects);
- scope is too large for the community to manage;
- technical ability of the project team;
- scope (and cost) is too large to have a net benefit;

The two risks of most concern are those at the top of the list - regulatory approvals and securing elector approval for borrowing authority.

Regulatory Risk is being covered by using the Discharge Permit. That leaves the elector approval risk.

Risk of Electors Not Approving Long Term Borrowing

In BC, Municipalities must obtain elector approval for long term (>5 years) borrowing, even if the source of that borrowing is something like GMF. Generally, infrastructure programs only fund a share of a project, and the evaluators like to see that the evidence that the balance of funding required for project completion is already in place. Where the municipality is relying on borrowing for its share of the funding, the ideal situation would be for elector approval to already be received before the funding application is made. There have been projects - such as the CVRD South Sewer Project - that have been halted and cancelled because elector approval was not received. The strongest application is one where the municipality's portion is already approved – either in reserve funds or elector approved borrowing.

The Cumberland project will require long term borrowing, be it from GMF of the BC Municipal Finance Authority (or both), so elector approval is needed.

The best way to minimize the risk of elector refusal to borrow is to have;

1. A good project
2. A good financing plan
3. Good public engagement along the way

The Cumberland project is certainly good, from a technical point of view.

The financing plan has a weakness in that federal/provincial infrastructure funding will be required to execute the complete project. Best efforts will be made to secure this funding, but there is no guarantee of success.

There has been strong and positive public engagement throughout the LWMP process in 2016-17-18, with a stated desire to “get it done”, so it is likely that an elector approval process will be successful.

For Cumberland to maximize chances of success in securing funding, the recommended strategy is to seek borrowing approval in summer of 2018, so that it this risk has already been removed from infrastructure applications in the fall.

4.0 ELECTOR APPROVAL

The only way to avoid elector approval for borrowing is to complete the Stage 3 LWMP, and use the borrowing authority it confers. It is assumed that completing the Stage 3 LWMP will take at least another two years, and thus the borrowing authority it confers is too late for the Phase 1 project in 2019-2020.

Thus, some form of elector approval is required, and there are two means – assent voting and alternative approval process (AAP). The choice as to which one is “better” – gives a better mandate – is a political question.



From an administrative point of view, the AAP is simpler and – critically – faster.

There are –effectively – only two opportunities for seeking elector approval in 2018;

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This results in a decision two months ahead of the election, which is a useful advancement of the timeline. It improves both the chances of getting funding, and for the little-known possibility of getting an expedited funding approval, discussed in section 5.

If it is judged that a summer AAP cannot deliver a result more than at least a month ahead of the October 20 election, it is likely not worth pursuing.

A summer AAP also has the advantage of removing the decision from the politics of election time. During the AAP people are only focused on the question of the AAP, and during the election, a major issue has already been decided, leaving people to focus attention on other things.

A key point is to decide whether the borrowing bylaw and AAP will be for;

- 1) Borrowing up to \$2.0M for part of a grant funded, complete (\$9.7M) project only, or
- 2) Borrowing up to \$4.4M to allow for both a complete project, or for just Phase 1 project (\$5.6M) to proceed even if grant funding is not secured,

There is an argument to be made for doing option (1) – a specific AAP on borrowing that is part of a complete project that is expected to be grant funded. This way the electors know exactly what they are approving (or petitioning against).

With option (2) where the Phase 1 project is also contemplated, there is the unusual situation of potentially borrowing more money for a lesser project scope, which may change people's views on the borrowing, preferring to hold out for another funding chance if the 2018 efforts are not successful.

The argument in favour of Option (2) is that the AAP is done once, and – assuming success – the wastewater project can move ahead, and regulatory compliance be achieved as soon as possible. In effect, option (2) makes the AAP not just about borrowing, but about making a decision to “get it done”. It would effectively conclude the process of seeking a “made in Cumberland solution” that began with the withdrawal from the South Sewer Project in 2015.

Even with a successful AAP, Council can always change its mind and decide, for whatever reasons, not to proceed with the project, but in the absence of such a reversal, the project can proceed expediently.

If the summer AAP fails, the option to proceed to assent voting on October 20, 2018 would be eliminated as elector approval must be received within 80 days of Ministerial approval of the borrowing bylaw. The Village could proceed to assent voting for the Scenario 3 project borrowing if the Village was able to obtain Ministerial approval for a new borrowing bylaw for Scenario 3.

If the vote failed, Cumberland’s remaining option to gain borrowing authority would be by completing Stage 3 LWMP, and getting the attendant borrowing approval. However, this process usually takes at least one year for the ministerial approval of Stage 3.

The recommended strategy is to pursue a summer AAP for \$4.4M, to allow the wastewater project to proceed in 2019, in either complete or Phase one form.

5.0 EXPEDITED FUNDING APPROVAL

The timeline for processing of funding applications is anywhere from four to eight months, with six being about the usual. There is a little-known possibility of a grant funding submission being given an expedited approval, under certain conditions. This results in the funding approval – for that project – being given months before all the other results are announced, allowing the municipality to start work immediately.

The major benefit to Cumberland of an expedited approval is that it will allow the project execution to begin months earlier, and opens the possibility of construction of the lagoon upgrades in the summer 2019 season, thus speeding implementation, and compliance, by an entire year. It is also possible that the reed bed and wetlands could be also be done in 2019, but this is not imperative, as they do not relate to achieving regulatory compliance.

To make the construction happen in 2019 would require the procurement being by a Design-Build type process, which gives a faster start, and finish, to the construction phase. There is also a benefit in “getting to market” before all the other towns do, as contractors and consultants will not yet be committed to any of the other yet to be announced projects – this always results in better pricing.

Expedited funding approvals are only considered where the following conditions exist;

1. The project is an excellent candidate for funding - approved on technical and economic evaluation, and is considered “shovel ready”
2. The major risks to implementation and completion – regulatory and ***borrowing approvals*** – are already in hand, and there are no other red flags (e.g. environmental assessments)
3. It is strongly in the public (and government) interest that the project proceed immediately.

Taking these in order;

The project is indeed a good candidate on technical, economic, social and innovation bases. Using the past Clean Water and Wastewater Fund criteria as a guide, the project touches almost all the desired outcomes. A

“Construction Plan” will required to demonstrate how the project is shovel ready. Even though the detailed design has not been done, all the components except the reed bed are standard items.

Cumberland has the regulatory approval to construct – contained within the Discharge Permit. It is only the borrowing authority that is missing. There are no other “red flags” that have been identified.

For Cumberland, it is most certainly in the public – and environmental – interest that the project proceed immediately. Cumberland is currently out of compliance with both provincial and federal regulations, and subject to potential provincial enforcement action. This makes the case for proceeding immediately.

Thus, the borrowing authority is thus the only missing link for requesting an expedited approval. If this can be obtained before or shortly after a funding application, then there is a good case for an expedited approval.

6.0 PROJECT TIMELINE

The simplified project timelines for the capital project are shown in table 3, for both standard and expedited execution.

Table 3 – Project Timelines

Year	Activities for standard execution	Expedited Execution
2018	<p>July – Commence Biochar Reed Bed Pilot Test</p> <p>Aug – Submit grant funding application</p> <p>Sep – GMF approval</p> <p>Oct – Elector approval for borrowing.</p>	<p>July - Commence Biochar Reed Bed Pilot Test</p> <p>Aug – Conclude AAP, Submit grant funding application</p> <p>Sep – GMF approval Pre-qualify design-build contractors</p> <p>Oct – Elector approval for borrowing.</p> <p>Nov – Early grant funding approval</p> <p>Dec – Hire Project manager, commence RFP prep</p>
2019	<p>Jan-Feb – Grant funding approval Procurement</p> <p>March – Hire Project Manager</p> <p>April – Hire Design Engineer</p> <p>May – June Pre-design, wrap up biochar pilot project.</p> <p>August – Issue Tender/RFP</p> <p>Oct – Award to General Contractor Planning for Reed Bed and wetlands</p>	<p>Jan – prepare and issue Design Build RFP, six week response period.</p> <p>March – RFP ends, award at end of month.</p> <p>Apr – June Design phase, site prep. Wrap up biochar pilot project</p> <p>July-Sep – Major construction -lagoon upgrades, DAF, disinfection. Commissioning in September.</p> <p>Compliance verification.</p> <p>Oct – Dec – completion of minor construction, amenities building, etc.</p> <p>Planning for reed bed and wetlands</p>

2020	Construction of Lagoon upgrades, commissioning. Construction of reed bed, and wetlands irrigation system (separate contract) Project Completion, Compliance verification	Design and construction for reed bed and wetlands (separate contract) Project completion, project verification
2021	Reed bed/wetland performance verification	Reed Bed/wetland performance verification

7.0 CONCLUSION

The execution of the wastewater project, will require elector approval for long term borrowing. The scope of the project to be executed will depend on how much, if any, grant funding is received. There are three scenarios that result, as shown in Table 4.

Table 4 – Summary of Grant Funding and Tax Burden Scenarios

Scenario	1. Best Case.	2. Next Best Case	3. Worst Case
Grant Funding Result	2/3 Infrastructure and GMF	2/3 Infrastructure only	None
Project Scope	Ph1 +2A + Reed Bed	Ph1 +2A + Reed Bed	Ph1 only
Total Project Cost	\$9.7M	\$9.7M	\$5.6M
VoC Reserves	\$1.23M	\$1.23M	\$1.23M
Grants	\$6.73M	\$6.47M	\$0
VoC Borrowing	\$1.74M	\$2.0M	\$4.4M
Annual Repayment per Parcel (20 year term, 4% interest)	\$85	\$98	\$216
Annual Operating Costs, increase per parcel	\$250	\$250	\$233
Total Annual Increase per parcel	\$335	\$348	\$449

Securing borrowing authority via a summer 2018 AAP, rather than waiting for the October election provides two benefits;

- 1) It improves the chances of receiving grant funding from a summer application
- 2) It opens the chance for an expedited decision on grant funding and expedited project execution

Securing borrowing authority for the worst-case scenario – requiring \$4.4M – provides two benefits;

- 1) It allows the project to proceed in 2019 regardless of the funding outcomes



2) It effectively concludes the public process of identifying and funding a wastewater treatment solution

For these reasons the LWMP Project coordinator recommends that;

- 1) Elector approval be sought for to borrow an amount of up to \$4.4M, for a term of 20 years, and that,**
- 2) This approval be pursued by means of an Alternate Approval Process, and that,**
- 3) This process be conducted as soon as possible, rather than waiting for the October election.**

