



City of
Peterborough

To: Members of the Committee of the Whole

From: Malcolm Hunt, Director, Planning and Development Services

Meeting Date: July 27, 2015

Subject: Report PLPD15-043
Airport Industrial Park – East of Airport Road Expansion
Budget Adjustment and Pre-commitment of 2016 Budget

Purpose

A report to recommend a budget adjustment to the Airport Industrial Park – East of Airport Road Expansion 2015 Capital Budget (project 7-5.03) and to pre-commit the 2016 Budget.

Recommendations

That Council approve the recommendations outlined in Report PLPD15-043 dated July 27, 2015, of the Director, Planning and Development Services, as follows:

- a) That \$200,000 from the Airport Equipment Reserve be transferred to the Airport Industrial Park – East of Airport Road Expansion 2015 Capital Budget (Project 7-5.03) and the Airport Equipment Reserve be closed;
- b) That the grant amount from the Eastern Ontario Development Fund included in the 2015 Capital Budget (Project 7-5.03) be reduced by \$250,000 from \$750,000 to \$500,000;
- c) That the \$1,850,000 budget amount proposed for the 2016 capital budget for the Airport Industrial Park – East of Airport Road Expansion be pre-committed; and
- d) That \$1,350,000 of tax-supported debt financing for the Airport Industrial Park – East of Airport Road Expansion included in the 2015 Capital Budget (Project 7-5.03) be replaced with Capital Levy Reserve and that debenture by-law number 15-008 authorizing the issuance of the debt be repealed.

Budget and Financial Implications

If the recommendations in this report are approved, the total budget of the project to date will be \$4,650,000. The funding will come from the following sources:

Line	Description	Amount
1	Capital Levy Reserve	\$1,350,000
2	Airport Equipment Reserve	\$200,000
3	Pre-commitment of 2016 Budget (Capital Levy)	\$1,850,000
4	Transfer from Seneca Capital Project (Report CPFS15-002)	\$250,000
5	EODF grant	\$1,000,000
6	Total	\$4,650,000

Appendix A shows a revised Capital Budget Form 2. The remaining balance of the Capital Levy Reserve is \$540,182. There is no balance remaining in the Airport Equipment Reserve and the reserve will be closed.

Background

On April 28, 2014, Council authorized staff to submit an application to the Ministry of Economic Development, Employment & Infrastructure (Ministry) for a \$1.5 million grant from the Eastern Ontario Development Fund (EODF) in support of a high priority aviation investment opportunity at the Peterborough Airport. The Province approved the City's application and awarded \$1.0 million of funding. The capital project involves the first phase of construction of the east of Airport Road Industrial Expansion and was reflected in the 2015 Capital Budget as project 7-5.03.

In November 2014, residual funds in the amount of \$250,000 were transferred from the Seneca Capital Project for pre-construction work that was required prior to 2015. This was done during the period of the election when there were no meetings and it was reported out to Council through Report CPFS15-002 dated January 26, 2015.

On June 8, 2015 By-law number 15-099 was passed authorizing the execution of the funding agreement. The grant is structured whereby 24% of eligible costs incurred are reimbursed up to a maximum of \$500,000 in each of 2015 and 2016. This equates to a gross eligible expenditure each year of \$2.1 million.

Transfer from Airport Equipment Reserve required in 2015

For 2015, costs were incurred prior to February 23, 2015, the effective date of the grant agreement, but these costs are ineligible for cost sharing with the Province. The expenditure was necessary to ensure that the City was in a position to expedite the project in 2015. They primarily included environmental consulting services and geotechnical investigation.

It is recommended that \$200,000 be transferred from the Airport Equipment Reserve to provide 2015 municipal funds to match the contribution from the Ministry. The Airport

Equipment Reserve was created when the City was responsible for purchasing equipment at the Airport. This is now the responsibility of Loomex and the reserve is no longer required.

Pre-commitment of 2016 Budget

The project budget was spread over 2015 and 2016, reflecting the timing of work, however the Ministry requires acknowledgement that the municipal share of the project has been committed. Council essentially agreed to provide the City's share of the funding when they passed the by-law in June. This request necessitates a pre-commitment of the 2016 budget in the amount of \$1.85 million.

Swapping out debt for Capital Levy

The City's \$1.35 million portion of the project, in the 2015 Capital Budget, was to be funded from Tax Supported Debentures which would be issued through Infrastructure Ontario (I/O). The Ministry has requested that the City not issue debentures through I/O, as it is deemed to be stacking provincial funding and is not permitted through the EODF agreement. The City is recommending this funding be replaced with funds from the Capital Levy Reserve and release the debt obligation, freeing up \$1.35 million of debt that will go toward funding future capital requirements. These will be presented to the Budget Committee through the 2016 Capital Budget.

Summary

The EODF grant will assist the City of Peterborough in implementing the Airport Industrial Park – East of Airport Road Expansion. The Ministry's requirements have necessitated a pre-commitment and budget adjustments.

Submitted by,

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Attachments:

Appendix A - Revised Form 2 – Airport Industrial Park – East of Airport Road

Appendix A

Revised Form 2 – Airport Industrial Park – East of Airport Road

