



Levack Water Supply Project Update

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Services

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Agenda



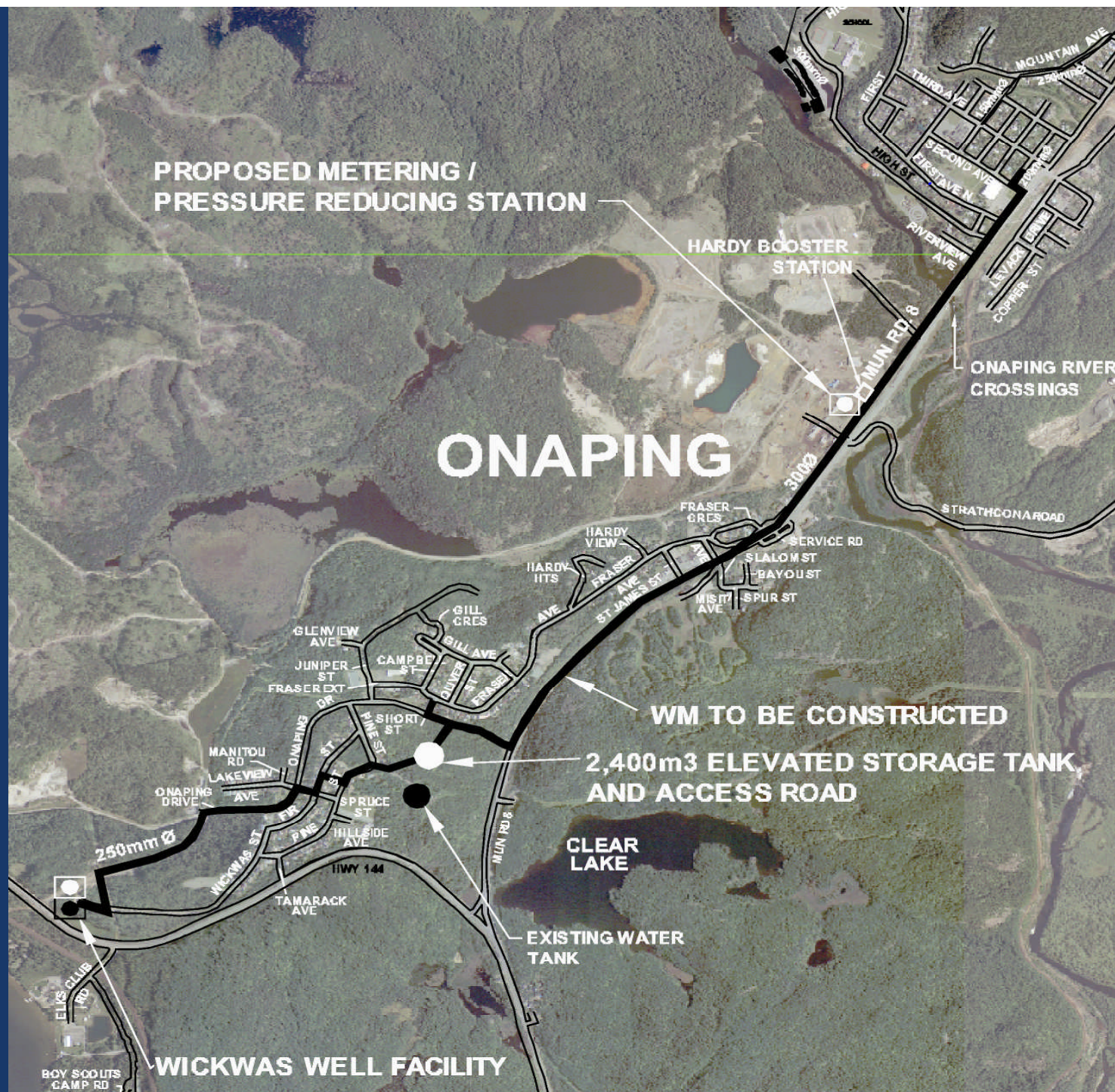
1. Introduction
2. Project Update
3. Financial Summary
4. Engineering Services Summary
 - Funding Committed/Expensed to Date
 - Funding Required to Complete Engineering Services for this Project
5. Financing Options
6. Recommendations



Introduction



- January 30, 2008 Presentation
- February 27, 2008 Report





Project Update



- Discussions with the Federal and Provincial Governments
- Discussions with Vale Inco
- Discussions with the MOE



Financial Summary



FINANCIAL SUMMARY		
Approved Capital Funding to Date		\$4,524,300
Committed/Expensed to Date	(\$3,704,130)	
Required to Complete Project	(\$14,795,870)	
Total Project Cost		\$18,500,000
Unfunded Balance		\$13,975,700



Engineering Services Summary



- This Contract
- Future Contracts
 - Infra Guide
 - PEO
 - CEO



Funding Committed/ Expensed to Date



1. ENVIRONMENTAL ASSESSMENT	\$ 725,000
2. DETAILED ENGINEERING DESIGN including Geotechnical Consulting & Disbursements	\$ 943,000
3. CONTRACT 03-01, PH. 1 OF WATERMAIN CONSTRUCTION	<u>\$2,036,130</u>
SUBTOTAL:	\$3,704,130



Funding Required to Complete Engineering Services for this Project



4. PROJECT ADMINISTRATION	\$250,000
<u>Construction Supervision and Materials Inspection & Testing</u>	
5. THREE WATERMAIN CONTRACTS (City)	\$300,000
6. WATER TOWER AND WELL	\$180,000
7. PRESSURE CONTROL BUILDING (including engineering)	<u>\$240,000</u>
TOTAL:	\$970,000



Financing Options



Scenario 1: The City is able to obtain a \$4 million contribution from Vale Inco and secure funding from senior levels of government.

Scenario 2: The City does not receive funding from senior levels of government. The project is funded by Vale Inco and/or the City. This scenario will require the Water Division to borrow internally.

	Scenario 1	Scenario 2
City	\$ 6,166, 667	\$14,500,000
Vale Inco	(\$ 4,000,000)	\$ 4,000,000
Federal Funds	\$ 6,166,667	-
Provincial Funds	\$ 6,166,667	-
Total	\$18,500,000	\$18,500,000

Note: These figures are for illustrative purposes and will vary depending on actual funding received.



Financing Options

Repayment Plans



Method of Payment (Annual Contributions over 10 year Period)				
	Capital Envelope	Increase Water Rate	% Increase in Water Rate	% Increase in W/WW Rate
Option #1 – Increase Water Rates		\$1,263,788	5.40	2.60
Option #2 – Water Rate & Capital Envelope	\$ 631,894	\$ 631,894	2.70	1.30
Option #3 – Capital Envelope	\$1,263,788			

The 2009 Water Capital Envelope is \$10.7 Million and this payment would commit 12% of the annual envelope.

Note: Annual Repayment based on borrowing \$10 million at 4.5% interest amortized over 10 years.



Recommendations



That Council select the Levack Water Supply Project as the “project of choice” for the next federal and/or provincial infrastructure funding initiative;

That Council approves Financing Option 3 for any financial shortfall that the City may have to cover for this project;

And further that Council approve Dennis Consultants, a Division of R.V. Anderson, as the consultant of record for Engineering Services on this project as per their proposal estimated at \$1.413 Million dated September 28, 2007 and letter of April 15, 2008, and all in accordance with the report from the General Manager of Infrastructure Services dated April 15, 2008.