

May 31, 2017

Report To: Mayor and Council

From: Doug Brown, CAO

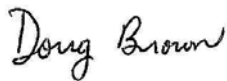
**SUBJECT: Adjustment to Reserve Funds Due to Limitation on Federal Government Funding allocation for the 2016/2017 Colonization Road East Reconstruction Project**

The Town obtained funding for the Colonization Road East Project from Scott Street to the Water Treatment Plant under the New Building Canada – Small Communities Fund (SCF) whereby the Federal and Provincial government funded 1/3 of the total eligible costs of the project or \$948,023.00 each. The Town is responsible for 1/3 of the costs and any cost overruns.

As a result of completing the May 2017 SCF progress report for this project it has come to administration's attention that the Federal Tax Gas Revenue cannot be utilized to fund the Town's 1/3 funding portion of the project. See attached clause B.2.2 - Limit on Federal Funding from the SCF funding agreement.

At this time, administration is requesting Council adjust how the 2016 portion of the project is funded from its reserve funds. Administration proposes that an additional \$154,170.23 be taken from the Water & Sewer Reserve Fund and a reduction in funding of \$154,170.23 from the Federal Gas Tax Revenue reserve fund be used to finance the project in 2016. This adjustment is necessary to ensure the Town is in compliance with the limitation of 1/3 federal government funding for this project.

Respectfully submitted,



Doug Brown, CAO

**Council approval of this report will** ensure the following:

- 1) That an additional \$154,170.23 be taken from the Water & Sewer Reserve Fund to fund the 2016 works of the 2016/2017 Colonization Road East Reconstruction Project
- 2) Reduce the funding allocation from the Federal Gas Tax Revenue reserve fund in the amount of \$ 154,170.23 for the 2016 works of the 2016/2017 Colonization Road East Reconstruction Project.

2017Mayreserveadjustments

**Clause Attachment:**

B.2.2. Limit on Federal Funding. Despite anything else contained in this Agreement, the aggregate of all funding originating from Canada for the Project will not exceed thirty-three percent (33%) of the total Eligible Costs for the Project.