

APPENDIX "A"

#12074
May 4, 2012
(Award Contract)

Chair and Members
Civic Works Committee

RE: Greenway Pollution Control Centre Dewatering Project
Capital Project ES2095 - Biosolids Disposal and Optimization Plan
Baseline Constructors Inc. - \$8,434,000 (excluding H.S.T.)
R.V. Anderson Associates Limited - \$520,807 (excluding H.S.T.)

FINANCE DEPARTMENT REPORT ON THE SOURCES OF FINANCING:

Finance Department confirms that the cost of this project can not be accommodated within the financing available for it in the Capital Works Budget and that, subject to the adoption of the recommendation of the Acting Executive Director, Planning, Environmental and Engineering Services and City Engineer, the detailed source of financing for this project is:

<u>ESTIMATED EXPENDITURES</u>	<u>Approved Budget</u>	<u>Additional Funding Required</u>	<u>Revised Budget</u>	<u>Committed to Date</u>	<u>This Submission</u>	<u>Balance for Future Work</u>
Engineering	\$1,227,303		\$1,227,303	\$697,330	\$529,973	\$0
Construction	7,753,934	3,784,150	11,538,084	2,955,646	8,582,438	0
City Related Expenses	763		763	763		0
NET ESTIMATED EXPENDITURES	\$8,982,000	\$3,784,150	\$12,766,150	\$3,653,739	\$9,112,411	\$0

SOURCE OF FINANCING


Drawdown from City Services - Sewers Reserve Fund (Development Charges)	3)	\$2,597,300		\$2,597,300	\$1,257,088	1,340,212	\$0
Debenture By-law No. W.-5310-268 (Serviced through City Services - Sewer Reserve Fund (Development Charges))	2&3)	493,000		493,000		493,000	0
Debenture By-law No. W.-5310-268 (Serviced through City Services - Sewer Reserve Fund (Development Charges))	2,3&4)		1,301,748	1,301,748		1,301,748	0
Drawdown from Sewage Works R.F.		1,254,469		1,254,469	1,254,469		0
Drawdown from Sewage Works R.F. - tsf from ES5165-11 New Equip. PCP	4)		1,241,201	1,241,201		1,241,201	0
Drawdown from Capital Sewer Rates tsf from ES5084-11-2011 Replacement Equipment PCP	4)		1,241,201	1,241,201		1,241,201	0
Debenture By-law No. W.-5310-268 (Serviced through Industrial Oversizing Reserve Fund)	2)	613,700		613,700	243,013	370,687	0
Debenture By-law No. W.-5310-268	2)	4,023,531		4,023,531	899,169	3,124,362	0
TOTAL FINANCING		\$8,982,000	\$3,784,150	\$12,766,150	\$3,653,739	\$9,112,411	\$0

1) Financial Note:

	<u>Construction</u>	<u>Engineering</u>	<u>Total</u>
Contract Price	\$8,434,000	\$520,807	\$8,954,807
Add: HST @ 13%	1,096,420	67,705	1,164,125
Contract Price Including Taxes	9,530,420	588,512	10,118,932
Less: HST Rebate	947,982	58,539	1,006,521
Total Contract Price	\$8,582,438	\$529,973	\$9,112,411

- 2) The City be authorized to increase Debenture By-law No. W.5310-268 by \$1,301,748 from \$5,130,231 to \$6,431,979.
- 3) Development charges have been utilized in accordance with the underlying legislation and the Development Charges Background Studies completed in 2009.
- 4) The additional funding required results from a \$3.8 million increase to the project budget. This additional amount must reflect the growth / non-growth split in the original budget. The additional utility rate funded source (non-growth) is \$2.5 million (66% of the added budget) and the additional development charges (growth) financed portion is \$1.3 million (34% of the added budget). Funding for additional utility rate supported portion is available as a transfer from ES5084-11 (Replacement Equipment Pollution Control Plant) and ES5165-11 (New Equipment Pollution Control Plant). The additional DC financed portion is available from the City Services (DC) Sewer Reserve Fund. The July 2011 DC Monitoring Report identified a significant positive variance in the Sanitary Sewer DC rate, mostly attributed to the long term savings attributed to the project described in this report, but it requires additional DC funding in the short term to realize these savings.
- 5) Annual operational savings of \$700,000 are associated with this tender.

JG


Larry Palarchio
Director of Financial Planning & Policy