

COUNCIL REPORT

M&C No.	2019-131
Report Date	May 13, 2019
Meeting Date	June 03, 2019
Service Area	Finance and Administrative Services

His Worship Mayor Don Darling and Members of Common Council

SUBJECT: Safe Clean Drinking Water Project (SCDWP) Reserve Fund

OPEN OR CLOSED SESSION

This matter is to be discussed in open session of Common Council.

AUTHORIZATION

Primary Author	Deputy Commissioner/Dept. Head	City Manager
<i>Councillor Merrithew</i>	<i>Cathy Graham/Brent McGovern /Kevin Fudge</i>	<i>John Collin</i>

RECOMMENDATION

It is recommended that Council approve withdrawing the funds from the Safe Clean Drinking Water Capital (SCDWP) Reserve Fund.

EXECUTIVE SUMMARY

At the May 29, 2019 meeting of the Finance Committee, the Committee approved forwarding a recommendation to Council to approve withdrawing the funds from the SCDWP Reserve Fund in preparation for the substantial completion payment for the SCDWP in the next few weeks.

Saint John Water has been budgeting for and transferring funds into a SCDWP Reserve Fund since 2015. This was a conscious decision to reduce borrowing which in turn would lower the operating costs over the next 30 years with lower principal and interest payments.

In the next few weeks a payment will be made for substantial completion of the SCDWP to Port City Water Partners. In preparation for this payment the time has come to withdraw the funds of just over \$20.1 million from the SCDWP Reserve Fund that was set-up for this purpose. The withdrawing of these funds requires Council approval as per the policy on reserve funds.

PREVIOUS RESOLUTION

N/A

STRATEGIC ALIGNMENT

This recommendation aligns with Council's priority of fiscal responsibility.

REPORT

Saint John Water has included in the operating budget over the last few years, funds to be transferred to the SCDWP Reserve Fund. There have also been additional transfers of surplus funds. These funds plus the interest earned now totals just over \$20.1 million. These funds were set aside to reduce the borrowing required for the substantial completion payment of the SCDWP.

Substantial completion is nearing and the final reviews are occurring by the Independent Certifier, Saint John Water and Port City Water Partners. Upon completion of these reviews and identification of the deficiency holdback amount, the substantial completion amount will be finalized. Payment will then follow in the coming weeks therefore it is time to withdraw the funds from the SCDWP Reserve Fund.

SERVICE AND FINANCIAL OUTCOMES

The capital reserve fund for the SCDWP will save rate payers just over \$10M and forgo the burden of additional debt payments.

INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS

Finance and Saint John Water collaborated and provided input for this report.

ATTACHMENTS

N/A