



Administration and Operations Committee Report

To: The Chair and Members of the Administration and Operations Committee
From: Cindy Stevenson, General Manager, Emergency & Protective Services
Heather Boyd, General Manager, Corporate Services
Date: July 16, 2024
Report #: RPT-0379-24
Subject: FCM Green Municipal Fund
Purpose: For Information

Recommendation

That Committee receive report RPT-0379-24 for information.

Executive Summary

At its meeting on June 25, 2024, Council deferred a decision on which project (the Library Main Branch or the North Paris Fire Hall) to apply for a grant and loan funding through the Federation of Canadian Municipalities (FCM) Fund program. Council requested additional information regarding the fund and financial impact of a successful application. Additional investigation and analysis has been conducted, as outlined in this report.

The resolution that was deferred will be included on the agenda as on the table for further deliberation and a vote.

Strategic Plan Priority

Strategic Priority 5 - Healthy, Safe, and Engaged Citizens

Impacts and Mitigation

Social Impacts

The FCM Green Municipal Fund is accelerating a transformation to resilient, net-zero communities. Designing energy efficient and sustainable facilities supports the County's commitment to mitigating the impacts of climate change and supports community well-being.

Environmental Impacts

The funding helps Canadian cities and communities of all sizes undertake sustainability projects that reduce emissions, accelerate energy savings, and keep energy dollars in the community.

Economic Impacts

If the County were to successfully apply for FCM Funding for the North Paris Fire Station, there would be a reduction in the funds that need to be collected through Development Charges (DCs). The main advantage to the County would be that it would reduce the amount that would be debentured to be raised through DCs, thereby reducing the impact to the County's Annual Repayment Limit and debt capacity.

If the County were to successfully apply for FCM Funding for the Main Branch Library Project, the proposed funding model would have these funds applied directly against the Federal and Provincial Grant contributions, which is modeled to fund the benefit to existing. Any shortfall in the overall Federal and Provincial Grant contribution would have to be raised through either an increase in fundraising or the tax levy.

Report

Background

At the Council meeting June 25, 2024, Council deferred the following resolution:

That the Main Branch Library project updates provided in this report be received as information;

And that Council direct staff to finalize detailed designs and issue tender documents;

And that Council direct staff to prepare an FCM Green Municipal Fund grant application for the Paris Fire Hall, as amended, be deferred.

Council has requested further information from staff on the funding model of the new North Paris Fire station.

Analysis

Staff have further reviewed the funding model of the new North Paris Fire station. The Draft Development Charges Background Study, 2024, includes the North Paris Fire Station as 100% funded by Development Charges. The DC Study includes \$5.3 million dollars for costs related to construction of the fire station. If the construction price surpasses \$5.3 million dollars, Development Charges will fully fund the additional costs.

The FCM Green Municipal Fund provides funding, if approved, in the form of a grant (rebate) and a loan. Initial investigations suggest that loan parameters from FCM are comparable to loans from Infrastructure Ontario (IO), which is typically how the County debentures project funding. As provided in RPT-0332-24, funding can cover up to 80% of eligible costs, with the maximum combined grant and loan amount being \$10 million. Generally, 15% of the loan amount can be granted. A comparison of the potential funding available from the FCM fund for the library and fire projects is as follows:

Library Project:

Total FCM funding: \$10 million

Loan: \$8.5 million (85%)

Grant: \$1.5 million (15%)

Fire Project:

Total FCM funding: \$4.24 million

Loan: \$3,604,000 (85%)

Grant: \$636,000 (15%)

If the County were to proceed with the Fire project as the preferred application for FCM funding, and was successful, there would be minor benefits from a financial perspective, including a small cashflow benefit with receipt of the grant portion and a small decrease in

debt needing to be issued. Debt issued for the project would be repaid from future DC's collected.

The Library project funding model is much more complex than the Fire project. A combination of contributions from reserve funds, DC's, debentures funded by tax levy, fundraising, grants, bequest, and donation make up the current funding model, with the overall project cost estimated at \$41.1M. If the County were to proceed with the Library project as the preferred application for FCM funding, the grant received (maximum \$1.3 million) would contribute towards the federal and provincial grants target of \$5M. If the federal and provincial grant targets are not met, the shortfall would need to come from exceeding the fundraising campaign target, or the tax levy.

Project Qualifications

As provided in RPT-0332-24, FCM has advised the County to evaluate both projects and submit the most qualified project for their consideration. Some of the qualifications for each project are summarized below:

Main Branch Library	North Paris Fire Station
<ul style="list-style-type: none"> • Higher project cost could potentially receive the full \$10M maximum FCM grant/loan funding • Design is nearing completion • More community interaction with this facility to demonstrate the County's sustainability initiatives to residents • Challenging to meet energy targets while preserving heritage building elements 	<ul style="list-style-type: none"> • Lower construction value translates into higher chance of success for funding, per discussions with FCM • New construction of an essential service building • Scope, timelines, and budget are well-defined • Building design has just begun and can incorporate sustainability targets from the beginning

Grant Timelines & Eligible Costs

Applications for funding are accepted year-round, though the offer may close when all funding has been allocated. The average time for a funding decision is four to six months after the full application form is submitted. Projects must be substantially completed within three years of FCM Board Approval. It is important to note that eligible costs for funding are restricted based on timing in which FCM receives the funding application. Eligible costs for costs incurred prior to the date of application received by FCM include consulting costs to write the funding application. Ineligible are all other costs incurred prior to the application receipt date.

Eligible costs incurred after date application received by FCM are far broader, and include actual construction costs, services, administrative costs, meeting costs, etc.

Given that eligible costs are based on receipt of the application, the timing of the application is important in terms of when project construction will commence, as the construction costs would form a large portion of the overall project costs.

The draft project schedule for the Fire Station currently projects construction to start Q2 of 2025. The timing for construction of the Library project is dependent on timing of Council approvals but is estimated to start by Q1 of 2025.

The County may apply for a project in 2024, and a different project for the 2025 funding intake. It is expected the same FCM fund will be available in 2025.

Aside from a financial benefit, a successful application for either project would bring positive attention and broader awareness both locally and nationally on the County’s commitment to climate action initiatives and sustainable energy practices.

Summary and Recommendations

This report is presented as further information to assist Council in its decision on the deferred motion regarding an application for FCM funding for the North Paris Fire Hall.

Attachments

N/A

Reviewed By

R. Walton, General Manager, Operations

Copied To

- Kelly Bernstein, CEO, County of Brant Library
- S. Yacoub, Director, Energy, Brant Municipal Enterprises
- D. Lee, CEO, Brant Municipal Enterprises
- A. Newton, CAO
- M. Maxwell, Director of Engineering, and Infrastructure Planning

By-law and/or Agreement

By-law Required	No
Agreement(s) or other documents to be signed by Mayor and /or Clerk	No