



Municipality of the District of Argyle

Item: Approval of Capital Investment Plan

Date: December 2, 2024

Vision statement

Argyle is the community of choice to invest, live and play.

Mission statement

Argyle invests time & talent in growth opportunities in fishing, tourism, and renewable energy sectors.

Argyle provides affordable taxation while providing safe and healthy communities and strives to engage and inform our residents on decisions that affect them most.

Argyle provides high class, accessible recreational and cultural facilities and helps celebrate its unique heritage and culture and welcomes new residents to our region.

CAO's Recommendation:

Recommend approval of the attached 5-year Capital Investment Plan. This plan is supported by our Capital Master Plan, and a cash flow projection is also attached for the coming 5 years for both the capital reserve and the CCBF (Gas Tax) Fund for your information. This is an important element in determining available cash reserves and that the projects listed are funded.

A caveat to the projection, the further in the future, the less certain we have third party funding. Actual funding for projects is sought regularly. There are few confirmed third party funding amounts beyond year one.

The Capital Investment Plan 5-year plan gets approved once a year, so projects beyond a year are reassessed.

Suggested motion:

Move to approve the 5-year Capital Investment Plan as presented.

Background:

Each year the Municipality is asked to collect and project capital projects for the coming 5 years. As is the case in prior years, the first year matches our approved capital reserve and CCBF (Gas Tax) budgets. Future projections consider ongoing projects, debt reduction payments and new projects. The new project order is influenced by the Master Capital Plan. The Master Plan was approved by Council and compiled by staff. Each known project is listed and evaluated based on a number of factors. Each project is allocated a score and ordered based on the highest score.

The attached Master Plan does not include completed projects. Those projects included in the 5-year capital investment plan are highlighted for your visual convenience.

Summary of major regional projects

Mariners Center Expansion project

Total magnitude \$40,600,000. Argyle's confirmed portion of funding \$3,067,000 (estimated \$2,067,000 from the capital reserve and \$1,000,000 loan, repayable over 10 years by the capital reserve).

Other confirmed funding includes GICB (Federal) at \$15.9 Million, Province of NS at \$4.0 million and Town/Mun of Yarmouth at \$6.93 million. Fundraising and unconfirmed funding represents the remaining balance of the project. The tender has been issued to RCS Construction with many local subcontractors in the project. The result shall be a state-of-the-art aquatics center, walking track and fitness centre on the existing location on Jody Shelley Drive. This project is supported by a Development Agreement between the three municipal units. The risk of the project is protected by contingencies in the project, and we may obtain good news on additional funding on this project.

Mariners Center – rink replacement

Total magnitude \$2,000,000 estimated. Argyle's unconfirmed portion of funding \$307,000 (from capital reserve)

The subsurface of the main arena (arena 1) is facing end of life, and a major replacement is required. The Mariners Center is tasked with finding third party funding to support the \$2.0 million investment. Argyle portion of funding assumes a successful 50% federal/provincial support. The Capital Investment Plan shows an annual contribution to the Mariners Center to contribute to this **and** other capital projects. The risk of this project is that the 50% funding assumption is incorrect, and the project has no other funding but from municipalities. This would double our investment. This investment is a critical one to the continuity of Arena one operation.

Mega Solar farm investment – Lunenburg

Total magnitude \$25,000,000 estimated. Argyle's unconfirmed direct portion of funding is \$0

The municipality is a partner to an agreement between the Municipality of the District of Shelburne and Lunenburg for a co-application for a major solar farm investment in Lunenburg.

AREA, a municipal regional corporation established by a regional utility in the north shore is leading the application and are experts in the field. The at-risk amount for the Municipality of Argyle is \$96,500, which is the invested cost of the application. The amount is at risk as there is no guarantee we will obtain the project, as it is a competitive application. Council will receive a full briefing on this project from AREA, and a regional briefing to be prepared by the Municipality of Lunenburg.

If successful, the three units shall create a new intermunicipal corporation, which will borrow 100% of the 25-million-dollar project. We are a 25% stakeholder in this investment. The objective is to become a leader in renewable energy in the province, enabling low-income residents (under specific rules) to potentially qualify for reduced NS Power billing. The Municipality shall be entitled to an annual dividend from the corporation. This amount shall be confirmed via third party assessment.

There is construction risk on the project, where the cost may exceed expectations. There is also revenue risk as solar revenues are estimated based on credible but not exact data. Actual profits may differ from expected. With any revenue generating item, there is risk of damage or other factors impacting the business continuity of the contract. All these risks are being addressed and mitigated.

The provincial announcement, and applicable rules and regulations surrounding this initiative can be found here:

[Community Solar Program | Department of Energy and Mines](#)

Summary of major local projects

East Pubnico Water Tank Retrofit

Total magnitude \$1,500,000. Argyle's confirmed funding portion is \$100,000 (from Capital reserve)

Argyle managed 75% funding from federal and provincial governments to support the retrofit of the industrial water tank owned by us and used by fish processing companies in the area. This asset was a divestiture to us by the Province of NS. The user shall be charged a fee out of their accumulated surpluses as part of the funding of the project. The project is awarded and will be completed by spring 2025.

JE Hatfield Sewer and Road Expansion

Total magnitude estimated at \$800,000. Argyle's estimated funding portion is \$300,000 (from Capital Reserves)

This is phase three of the road expansion and will enable lots to be set for housing or commercial development in Tusket. The province and Gas tax will fund all but \$300,000, and that will come from our capital reserves. The work is tendered, and actual prices will be known by mid-December. The risk is primarily in the unknown pricing, as the tender price is unknown today.

Tusket Wastewater Treatment Plant Expansion

Total magnitude estimated at \$900,000. Argyle's estimated funding portion is \$450,000 (from CCBF gas tax)

This project is to repair and expand the capacity of the sand filtration plant on Courthouse Road, Tusket. The project is 50% funded by the Provincial GRIP funding. This expansion is necessary to replace treatment facility at the end of its life and expand capacity to enable growth on the wastewater facility in Tusket. This project was tendered, and we await actual costs. The risk is primarily in the unknown pricing, as the tender price is unknown today. There are ways to reduce construction price risk through how many modules are installed.

West Pubnico Wastewater Overflow Treatment

Total magnitude estimated at \$175,000. Argyle's estimated funding portion is \$87,500 (from CCBF gas tax)

This project is 50% funded by Provincial PCAP funding, with a total estimated investment of \$175,000. Gas tax shall fund the other 50%. This project was tendered twice with no bidders. A third tender shall be issued in early 2025, and there is construction price risk on this project.

MGA considerations:

Capital projects are eligible expenses under Section 65, provided they reflect municipal services. Each of the projects listed in the CIP as well as those described above fit the definition of municipal services.

Financial considerations:

To assess the fiscal ramifications of these projects, we enclosed projected cash in/out flow from both the Capital and CCBF (Gas Tax) Reserves. In short, after 5 years, projected reserve balances are \$2.35 million and \$443 k in the capital and CCBF reserves respectively. The opening balances of both reserves (as of April 1, 2024) was \$6.47 million and 634 k respectively. In short, the funds are expected to deplete, most of which due to the large investment in the Mariners Center expansion (\$2,07 million). While funds are reduced, the reserves are still healthy, and no external borrowing is expected outside of the MC expansion.