



**Lakefront  
Utility  
Services  
Inc.**

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May 21, 2024

The Corporation of the Town of Cobourg Victoria  
Hall  
55 King Street West  
Cobourg, ON K9A 2M2

Attention: Mr. Brent Larmer, Municipal Clerk

RE: Growth related Water System Debenture re Elevated Water Tank and Booster Station  
Requirements Request to the Corporation of the Town of Cobourg

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Please refer to the **July 2021 Cobourg Drinking Water System Master Plan (CDWSMP), Section 3**, for background information and a comprehensive review as part of a Waterworks request to borrow funds from the Town of Cobourg to complete critical growth-related water capital projects, specifically the construction of an Elevated Water Tank (EWT) and Booster Pumping Station (BPS)) in the Town of Cobourg.

CIMA+ was awarded the RFP to complete the CDWSMP and establish the necessary infrastructure requirements for full build-out of Cobourg's current urban municipal boundary, which currently serves approximately 21,000 persons and is expected to grow to approximately 39,000 persons. Presently, Cobourg has 10,089 m<sup>3</sup> of storage available in its two existing elevated tanks and the WTP reservoir, which is sufficient to meet the maximum day demand and provide a fire flow of 235 L/s for five hours. However, with a current maximum day demand of 15,354 m<sup>3</sup>/day and a calculated fire flow requirement of 343 L/s for five hours, the recommended treated water storage requirement for the Cobourg Drinking Water System is approximately 12,516 m<sup>3</sup>. Consequently, the system currently faces a 2,427 m<sup>3</sup> (approximately 20%) shortfall in storage capacity, which will increase with population growth. At full build-out, the shortfall will escalate to 12,649 m<sup>3</sup> (approximately 46%) without additional storage.

Additionally, the Cobourg Zone 1 EWT, with a capacity of 1,360 m<sup>3</sup>, is at the end of its life and needs replacement, exacerbating the storage shortfall to 3,787 m<sup>3</sup>. The CDWSMP recommended the construction of a new EWT with a 5,000 m<sup>3</sup> capacity and a BPS to address the storage needs, replace the Zone 1 EWT, and provide redundancies. CIMA+ conservatively estimated the cost of the new EWT and BPS at approximately \$13 million in July 2021.

On July 13, 2021, the Provincial and Federal governments announced a joint \$240M Investing in Canada Infrastructure Program (ICIP) Green Stream. Lakefront Utility Services Inc. (LUSI),

in collaboration with the Town of Cobourg, applied for the maximum \$5M allowed for the EWT project. The federal government is granting \$1,995,004.00, and Ontario is contributing \$1,662,337.08 towards the project. The remaining costs are to be covered by developers and the Town of Cobourg (62/38 split).

The Watson & Associates Water Rate Study dated December 11, 2020, presented to Council on January 4, 2021, page 37, states: "The analysis provided herein has been developed under the assumption that the Town will enter into D.C. credit (or similar 'front-ending') agreements with developers to assist in financing the emplacement of much of these growth-related projects. In exchange for the construction of the D.C. eligible infrastructure, developers would receive credits against future D.C. payments. By 2030 it is forecast that the Town will have received a total of \$57.9 million in contributions from developers for which D.C. credits would be outstanding. If contributions from developers cannot be negotiated to assist in the up-front financing of the growth-related infrastructure, the Town would need to issue debt or interim financing the \$57.9 million of D.C. eligible costs identified above to facilitate new development."

## **REQUEST TO THE CORPORATION OF THE TOWN OF COBOURG**

The Board of Lakefront Utility Services Inc. requests the Corporation of the Town of Cobourg's approval of resolution #2023-49, which was approved at the LUSI Board meeting of November 23<sup>rd</sup> 2023:

That Council approve growth borrowing of \$8,214,169 for Waterworks capital requirements, to be funded by DC charges, as outlined in the December 11<sup>th</sup> 2020 Water Rate Study and presentation to Council on January 4<sup>th</sup>, 2021.

### **Resolution #2023-49**

Moved by Karen Webb

Seconded by Kelly Irwin

BE IT RESOLVED THAT the Board recommend to the Town of Cobourg Council that they approve \$8,214,169 borrowing for Waterworks to fund the Cobourg East Community development portion of the new Darcy Street Elevated Water Tank (EWT) and Booster Pumping Station (BPS) capital project in 2024 and 2025. That Watson & Associates Rate Study, (page 37), was premised on certain preliminary assumptions pertaining to developers front-ending funds for the EWT & BPS, that if not achieved, is going to result in additional debt financing being required by the Town of Cobourg until growth occurs.

**CARRIED**

Please advise me if you require any additional information. Lakefront would be pleased to answer any questions the Council may have in advance of the Council meeting.

Respectfully submitted,

**Lakefront Utility Services Inc.**



Dereck C. Paul  
President & CEO