

DATE OF MEETING April 19, 2017

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SUBJECT FEDERAL GAS TAX FUND – STRATEGIC PRIORITIES FUND GRANT APPLICATION

OVERVIEW

Purpose of Report

To obtain a Council resolution endorsing three applications under the Federal Gas Tax Fund – Strategic Priorities Fund Grant for the 2017-JUN-01 application deadline.

Recommendation

1. That Council provide direction on which two capital projects they will endorse for the Federal Gas Tax Fund – Strategic Priorities Fund under the Capital Infrastructure Projects Stream; and,
2. That Council endorse the Facilities and Park Amenities Condition Assessment Program for the Federal Gas Tax Fund – Strategic Priorities Fund under the Capacity Building Stream.

BACKGROUND

The Strategic Priorities Fund (SPF) is a funding program established through the Gas Tax Agreement. The Gas Tax Agreement is a ten year commitment (renewed in 2014) of Federal funding for investments in Local Government infrastructure and capacity building projects in British Columbia. The SPF is an application based program that funds investments considered large in scale, regional in impact, or innovative; and that support the Gas Tax Fund national objectives of productivity and economic growth, a clean environment, and strong cities and communities.

This program provides 100% funding for eligible projects under the two funding streams:

Capital Infrastructure Projects Stream

Local Governments may submit two applications under this stream within the following eligible project categories:

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| • Public Transit | • Brownfield Redevelopment |
| • Local Roads, Bridges and Active Transportation | • Local and Regional Airports |
| • Solid Waste | • Short-sea Shipping |
| • Community Energy Infrastructure | • Short-line Rail |
| • Drinking Water | • Highways |
| • Wastewater | • Broadband Connectivity |

- Disaster Mitigation
- Recreational Infrastructure
- Tourism Infrastructure
- Culture Infrastructure
- Sport Infrastructure

Capacity Building Stream

Local Governments may submit one application under this stream within the following project categories:

- Asset Management Planning
- Integrated Community Sustainability Planning
- Long-term Infrastructure Planning

City Staff across departments met to shortlist projects that best fit the program guidelines to bring forth to Council for consideration. Four projects were identified under the Capital Infrastructure Projects Stream and only one project under the Capacity Building Stream.

OPTIONS

1. Capital Infrastructure Projects Stream

That Council choose two of the following capital projects for the Federal Gas Tax Fund – Strategic Priorities Grant under the Capital Infrastructure Projects Stream:

i) CNG Automated Refuse Collector Trucks

Recently Council has made the decision to move forward with automating the City's solid waste collection service. Implementing the automated collection system, although beneficial in the long-term, will require a substantial initial investment for the City including the purchase of 8 refuse trucks and 72,000 wheeled bins for garbage, organics and recycling. The City has already purchased two Compressed Natural Gas (CNG) Automated units, and due to the environmental benefits of CNG powered trucks, the City plans to complete the refuse collection fleet with CNG trucks. Staff proposes that we apply for funding for the remaining 6 trucks needed at an estimated cost of \$2.4 million.

- **Budget Implication:** Implementation of the automated collection system is expected to begin in late 2017. Based on business cases prepared, the cost of trucks will be funded through the equipment depreciation reserve and borrowing which will be repaid by user fees. The 2018-2022 Financial Plan and user fees will reflect these changes.

ii) Waterfront Walkway

In the 2016-2019 Strategic Plan update, Council identified the Waterfront Walkway as one of the five key capital projects. The City is currently preparing an implementation plan that will set out a program to construct a walkway from Departure Bay to the Nanaimo River Estuary within a 10 year time frame. For 2018, Council has identified five separate areas to construct 1,500m of walkway. Staff proposes that we apply for the funding of these five additional sections which have an approximate cost of \$2.4 million.

- **Budget Implication:** The additional five sections of walkway are not currently in the Financial Plan. It is anticipated that waterfront development projects will be funded from Payment in Lieu of Taxes revenue (PILTS) and the new Strategic Infrastructure Reserve Fund.

iii) **Emergency Water Supply**

In 2011, the City of Nanaimo and Nanaimo Forest Products entered into an Emergency Water Supply agreement to supply water to each other in the event of emergency. The City can obtain water from Harmac by constructing a pump station to lift it into the City's supply network. In 2012 the interconnecting pipeline for supply was completed, and the pump station is slated to begin in 2017. The pump station would supply the City's average day demand. Should the emergency supply system be activated, residents would be put on an immediate boil water order, as the water would not meet Island Health regulations. However, the water would be available for fire protection and non-potable uses such as bathing, laundry and toilet flushing.

- **Budget Implication:** Staff proposes that we apply for the \$3.3 million pump station which is currently in the 2017-2021 Financial Plan to be started in 2017. The current funding source for this project is the Water Supply Reserve.

iv) **Boxwood Connector**

The Boxwood connector includes development of a new road from the intersection of Boxwood Road to Bowen Road at the south entrance to Beban Park. These improvements will reduce congestion at the intersection of Bowen and Northfield Roads, improve access to Beban Park, and improve the pedestrian and cycling network.

- **Budget Implication:** This project is budgeted in the 2017-2021 Financial Plan at approximately \$11 million to be completed in the years 2019 and 2021. Of this, \$8.7 million will be funded from Development Cost Charges. Staff proposes we apply for the remaining \$2.3 million that is to be funded General Revenues, General Capital Reserves, and Water Reserves

Capacity Building Stream

That council endorse the Facilities and Park Amenities Condition Assessment Program for the Federal Gas Tax Fund – Strategic Priorities Grant under the Capacity Building Stream.

The City has put much effort into building their Asset Management Capacity over the years and we are looking to continually improve and update our asset management plan and long term planning. The majority of City owned facilities are listed in the asset management plan; however, only the top 30 facilities (by dollar value) had almost complete information leaving room for improvement. Improvements include a complete inventory and condition assessment information of City buildings, facilities, parks, playgrounds, sport fields and their components. Room has been made in the budget to make these efforts over time, however if grant funding could be secured, this project

would put the organization years ahead. Staff proposes we apply for \$500k which would establish the framework for the facilities and park amenities plan.

- **Budget Implication:** This project is in the current 2017 – 2021 Financial Plan at \$950,000 (\$150k in 2017 and \$200k per year from 2018 through 2021) funded from General Revenues. Funding received may reduce the budget in future years, however the intent is to you use this funding to build our capacity sooner than what was provided for in the Financial Plan.
2. That Council decline to endorse the projects above for the Federal Gas Tax Fund – Strategic Priorities Fund applications.
- **Budget Implication:** The above projects would move forward using existing funding sources and timelines.

SUMMARY POINTS

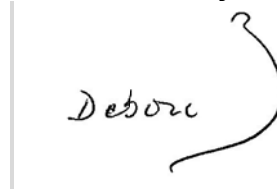
- The Federal Gas Tax Fund – Strategic Priorities Fund provides up to 100% funding for eligible project costs.
- The City may submit two applications under the Capital Infrastructure Projects Stream and one application under the Capacity Building Stream.
- Applications are due by 2017-JUN-01.
- City staff is seeking Council direction as to which two capital infrastructure projects to apply for under the Capital Infrastructure Projects Stream, as well as endorsement to apply for the Facilities Park Amenities Condition Assessment Program under the Capacity Building Stream.

Submitted by:



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Concurrence by:



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