

DATE OF MEETING | September 18, 2019 |  
AUTHORED BY | LAURA MERCER, DIRECTOR, FINANCE |  
**SUBJECT                      ONE TIME BONUS GAS TAX PAYMENT**

## **OVERVIEW**

### **Purpose of Report**

To obtain Council's approval to use the one-time bonus Gas Tax payment to fund the Metral Drive Complete Streets Phase 2 project. |

### **Recommendation**

That the Finance and Audit Committee recommend that Council use the one-time bonus Gas Tax payment to fund the Metral Drive Complete Streets Phase 2 project.

## **BACKGROUND**

The Federal Government announced in the February 2004 Budget that they would transfer a portion of federal gas tax to cities and communities. The parties to the agreement are the Government of Canada, the Province of British Columbia and the Union of British Columbia Municipalities (UBCM). On 2005-SEP-19 the three parties concluded a final Agreement which sets out the amount of funding, the payment schedule and who is eligible to receive funding, the eligible capital projects and costs and the obligations of recipients.

UBCM receives the funds, sign agreements with eligible recipients and reports back to the Government of Canada on the use of the funds. The City of Nanaimo signed an agreement with UBCM as a potential recipient of funding in 2005.

UBCM established a Community Works Fund (CWF), whereby local governments receive annual funding based on a floor amount plus a per capita amount. The choice of which eligible projects will be funded is at the discretion of the local government receiving the funds (i.e. there is no application and approval process needed for CWF funding). Eligible projects are tangible capital assets owned by the local government falling within one of the project categories and sub-categories and contributing to one of the three key sustainability outcomes in the Agreement: reduction in greenhouse gas emissions, cleaner air and cleaner water. Also eligible are projects which increase local government capacity to undertake integrated sustainability planning, including plans outlined under the Capacity Building category in the Agreement.

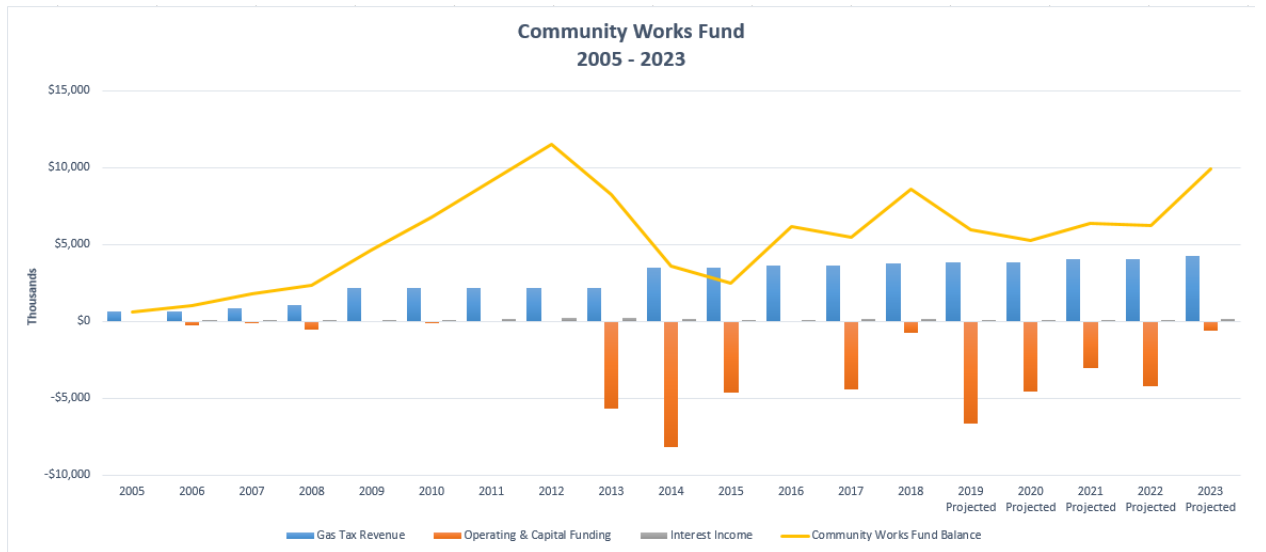
In March 2006, Council adopted a bylaw to establish the Community Works Reserve Fund. This statutory reserve fund receives the distributions from UBCM for the New Deal for Cities and Communities on the Transfer of Federal Gas Tax Revenues.

In 2011, the Federal Government legislated the Federal Gas Tax Fund (GTF) funding as a permanent source of infrastructure funding for municipalities. In 2013 under the Economic action Plan, the Federal Government announced that the GTF would be indexed by 2% per year. The GTF was confirmed as part of the federal Budget 2014, and will run from 2014 to 2024. As part of the New Building Canada Plan, the renewed federal GTF provides predictable, long-term, stable funding for Canadian municipalities to assist with the building and revitalization of local public infrastructure. Allocations for the 2019 – 2024 years will be based on the 2016 Census data.

From 2005 – 2018, the City has received \$31,933,883 in gas tax revenues and has used \$24,856,426 to fund operating and capital projects. The current balance in the Community Works Fund is \$8,569,140.

A summary of projects funding between 2005 – 2018 is attached in Attachment A and a summary of the projects in the 2019 – 2023 budget is attached in Attachment B.

Summary of Community Works Reserve Fund balances:



**DISCUSSION**

In the 2019 Budget, the Federal Government has proposed a one-time transfer of \$2.2 billion through the Federal Gas Tax Fund to address short-term priorities in municipalities and First Nation communities. This doubled the Government's commitment to municipalities in 2018 – 2019 and provided infrastructure funds to communities across the country. This means that the City of Nanaimo received an additional \$3,758,343 for a total of \$7,623,058 in the 2019 funding year.

Funding criteria\* for the top up funds is as follows:

Figure 2.2: Municipal Top-Up Funds to Support Local Priorities

	Productivity and Economic Growth	Clean Environment	Strong Cities and Communities
<b>Eligible Categories</b>	<ul style="list-style-type: none"> <li>Local roads and bridges</li> <li>Highways</li> <li>Short-sea shipping</li> <li>Short-line rail</li> <li>Regional and local airports</li> <li>Broadband connectivity</li> <li>Public transit</li> </ul>	<ul style="list-style-type: none"> <li>Drinking water</li> <li>Wastewater</li> <li>Solid waste</li> <li>Community energy systems</li> <li>Brownfield redevelopment</li> </ul>	<ul style="list-style-type: none"> <li>Sport and recreation</li> <li>Cultural and tourism</li> <li>Disaster mitigation</li> <li>Capacity building</li> </ul>
<b>Project Examples (2014-2016)</b>	<b>Communities in Saskatchewan:</b> 344 local road and bridge projects increasing transportation capacity	<b>Communities in the Yukon:</b> 28 community energy projects, such as a solar electricity generating system in a Champagne-Aishihik First Nations residence	<b>Communities in Ontario:</b> 36 recreation projects enhancing facilities and encouraging over 1,200 people to make greater use of them

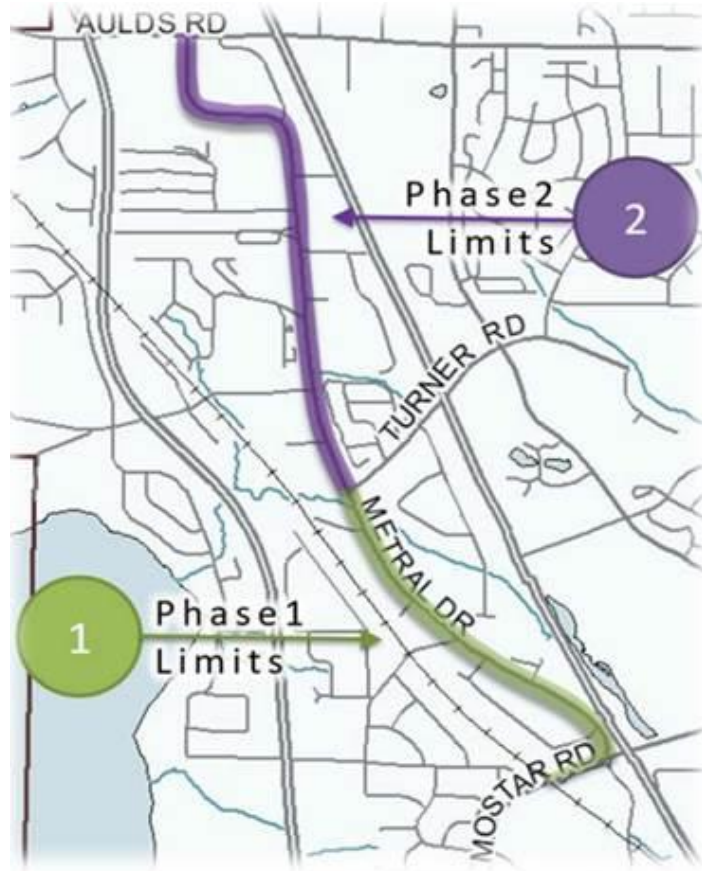
\*Government of Canada – Budget 2019: <https://www.budget.gc.ca/2019/docs/plan/budget-2019-en.pdf>

Based on these funding criteria, the following projects would qualify as eligible funding opportunities.

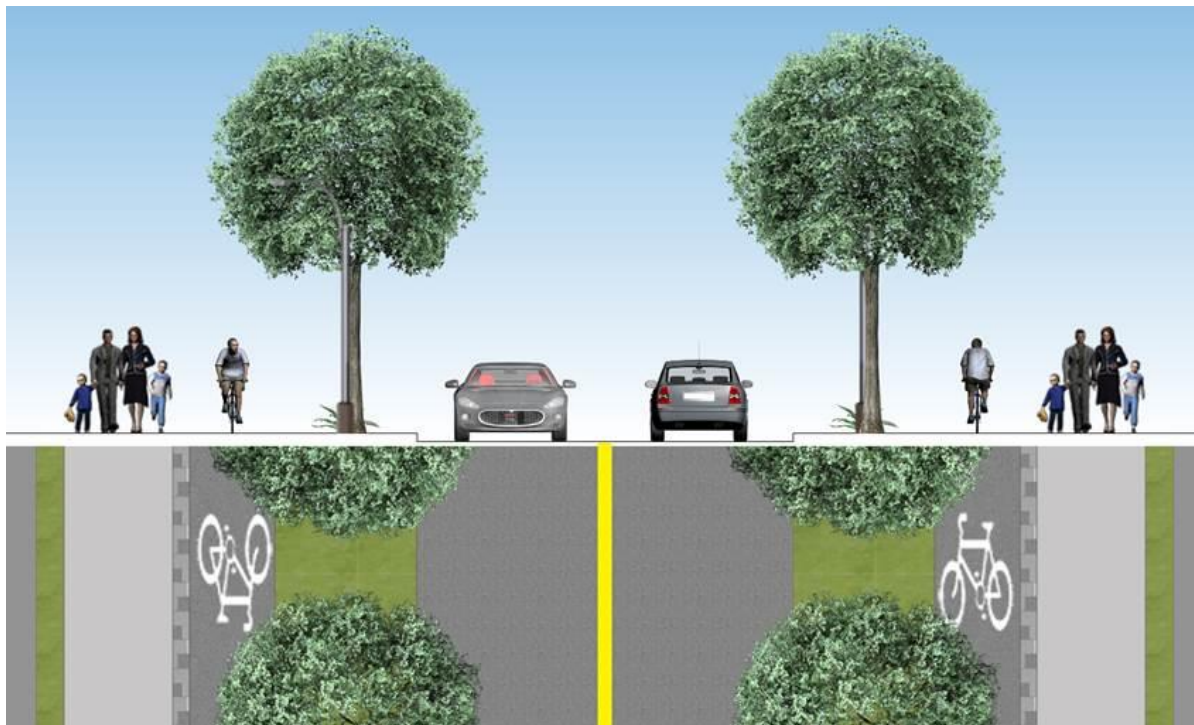
### **Metral Drive Complete Streets Phase 2**

The Metral Drive Complete Streets project links two of Nanaimo’s mobility hubs (Woodgrove area & Rutherford area) with an all ages and abilities active transportation corridor. It would also act as an extension of the E&N trail, one of the backbones of Nanaimo’s cycling network, creating a strong active transportation connection from Downtown Nanaimo all the way to the Woodgrove Area. Planned for construction in 2020, Phase 1 of Metral Drive Complete Streets is between Mostar Road and Turner Road with a link to the E&N trail. Phase 2 of the project is from Turner Road to Aulds Road and will complete the project.

Phase 2 of the project is currently planned for 2023 and is estimated to cost \$5.5 million dollars.

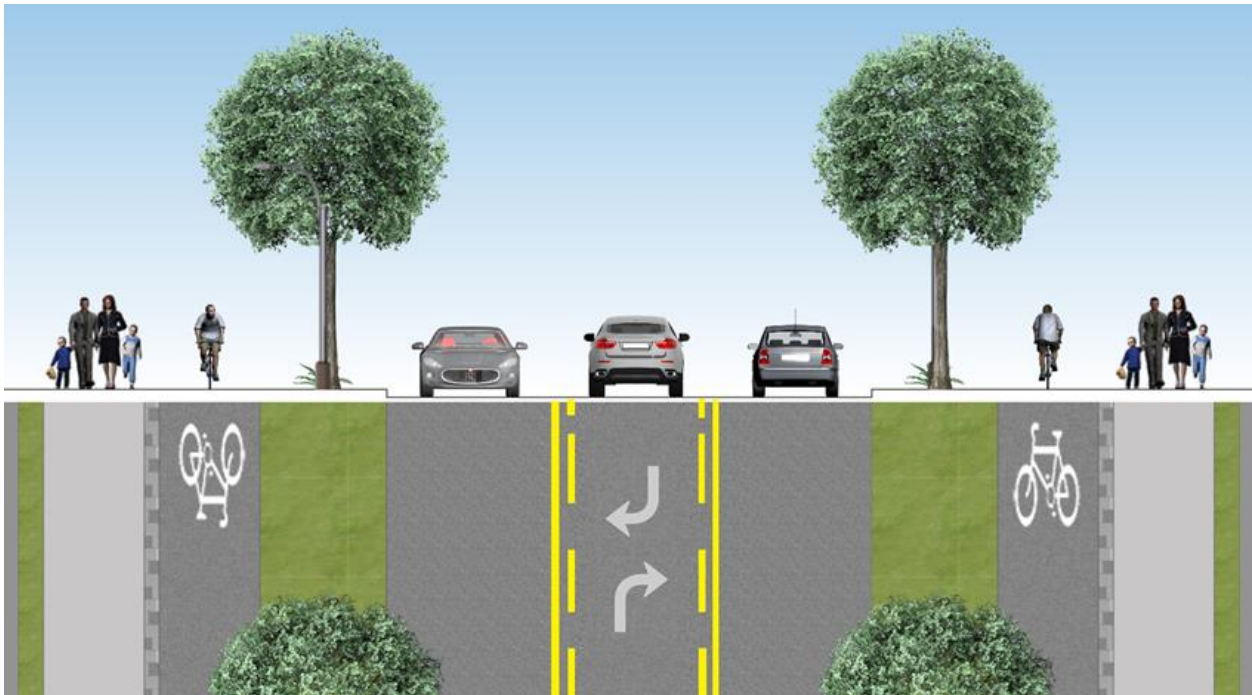


Phase 1 Renderings





Phase 2 Renderings





### **Georgia Avenue Greenway**

The Georgia Greenway is a proposed 3.1km active transportation corridor through Harewood that promotes greater pedestrian and cycling activity. Once fully completed, it will link a number of key destinations across the community including schools, parks, sport fields, and commercial areas. The Georgia Greenway will provide an easier alternative to the conventional bike lanes on Bruce Avenue and will be a more attractive route for families, children, seniors, and lesser experienced cyclists.

Phase 1 of the Georgia Greenway was completed in the spring of 2019 and connected 6<sup>th</sup> Street to 7<sup>th</sup> Street with a pedestrian bridge over the Chase River.

Phase 2 continues the trail north to 5<sup>th</sup> Street and connects University Village and Georgia Avenue Elementary School to the Georgia Greenway. The estimated cost is \$1,100,000.

Phase 3 continues the trail south to the section of the trail recently completed with the Harewood Quality Foods Development. The estimated cost is \$370,000.



## **OPTIONS**

1. That the Finance and Audit Committee recommend that Council use the one-time bonus Gas Tax payment to fund the Metral Drive Complete Streets Phase 2 Project.
  - Advantages: This project will link the Woodgrove Mall area to the Rutherford Road area to significant mobility hubs. It would act as an extension of the E&N trail, one of the backbones of Nanaimo's cycling network, completing an active transportation connection between Downtown Nanaimo and the Woodgrove area. This project aligns with the Environmental Responsibility and Livability themes of the 2019-2022 Strategic Plan.
  - Disadvantages: Funding for other projects will not be available if all is used on this project.
  - Financial Implications: This project is currently in the Draft 2020-2024 Project Plan. This funding would allow the project to potentially be accelerated and free up funding from the Community Works Fund to be used for other projects.
  
2. That the Finance and Audit Committee recommend that Council use the one-time bonus Gas Tax payment to fund an alternative Project.
  - Advantages: Council can choose a project that aligns with their Strategic Plan.
  - Disadvantages: Timing of the Council selected project could cause funding constraints as well as potential staff capacity issues to complete the project in the near future.
  - Financial Implications: None identified at this time.
  
3. That the Finance and Audit Committee recommend that Council leave the one-time bonus Gas Tax payment in the Community Works Reserve Fund to be used to fund the Draft 10 year Project Plan.
  - Advantages: Using the funding on projects currently in the 10 year plan will help to reduce funding pressures. The need to move projects out to future year in the Project Plan will be reduced.
  - Disadvantages: No one project could be directly identified as being funding from this one-time payment.
  - Financial Implications: Using the money to fund existing projects in the 10 year Project Plan will help to reduce funding pressures. |

### **SUMMARY POINTS**

- In the 2019 Budget, the Federal Government has proposed a one-time transfer of \$2.2 billion through the federal Gas Tax Fund to address short-term priorities in municipalities.
- As a result of this one-time transfer, the City received an additional \$3,758,343 in gas tax revenues in 2019.
- Staff have identified two (2) potential project that meet the funding criteria
  - Metral Drive Complete Streets Phase 2
  - Georgia Avenue Greenway



**ATTACHMENTS:**

- Attachment A: Community Works Fund 2005-2018 Funding Summary (Historical)
- Attachment B: Community Works Fund 2019-2023 Funding Summary (Budgeted)
- Attachment C: Community Works Fund Proposed Project Funding for Top-Up Gas Tax Payment
- Attachment D: FCM Analysis of Federal Budget 2019
- Attachment E: UBCM Analysis of Federal Budget 2019. |

**Submitted by:** ]

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