

DATE OF MEETING APRIL 19, 2023

AUTHORED BY LAURA MERCER, DIRECTOR, FINANCE

**SUBJECT GROWING COMMUNITIES FUND ALLOCATIONS**

## **OVERVIEW**

### **Purpose of Report**

To provide the Finance and Audit Committee with allocation options for the Growing Communities Fund.

### **Recommendation**

That the Finance and Audit Committee provide recommendations to Council on how to allocate the Growing Communities Fund monies.

## **BACKGROUND**

On 2023-FEB-10, the Province announced the Growing Communities Fund (GCF) to support building stronger BC communities. The fund was created to provide a one-time total of \$1 billion in direct grants to all 188 municipalities and regional districts in BC. The GCF will help local governments to prioritize local infrastructure and amenity projects to enable community growth. Some of the eligible infrastructure project categories include:

- Public drinking water supply, treatment facilities and water distribution;
- Storm water management;
- Development finance portions of infrastructure costs that support affordable/attainable housing. These may include DCC's or subdivision servicing charges payable or similar costs;
- Public safety/emergency management equipment and facilities not funded by senior level government;
- Local road improvements and upgrades;
- Sidewalks, curbing and lighting;
- Park additions/maintenance/upgrades including washrooms/meeting space and other amenities; and
- Recreation related amenities.

On 2023-MAR-24 the City received \$16,088,000 under the GCF. As a requirement of the funding the municipality must place the GCF grant in a separate dedicated reserve fund and provide annual reporting on how the funds have been spent. Interest earned on the GCF fund must be tracked and allocated back to the fund and may only be used for eligible purposes related to the GCF program.

At the 2023-APR-03 Regular meeting of Council, the Growing Communities Reserve Fund Bylaw 2023 No. 7361 received first three readings with adoption on 2023-APR-17. Once the statutory reserve fund is created, the grant funds will be allocated there.]

## **DISCUSSION**

Now that the GCF grant has been received and the eligible uses of the funds have been provided (Attachment B), Staff have compiled a list of potential allocations for consideration. The list consists mainly of Parks, Recreation and Culture and Engineering and Public Works projects and detailed descriptions of each project can be found in Attachment A.

To allow time for appropriate project development including scope, timing and costing considerations and provide maximum flexibility for the City to respond to a continuously changing construction market, Staff would recommend that the funding be divided into two categories:

- Funding for Future Budget Shortfalls in Current 2023-2027 Financial Plan
  - Based on current market conditions, it is anticipated that the current budget for several projects in the Financial Plan will be insufficient to proceed with the full scope of the project.
  - Funding from the GCF would allow the projects to be completed without any scope change.
  - Allocate \$8,000,000 of the funding to these projects.
- Funding for Projects to Consider for inclusion in the 2024-2028 Financial Plan
  - There are many projects that are not in the current 2023-2027 Financial Plan that could be included using the GCF as a funding source. However, many of the projects would need further work to determine an appropriate budget value.
  - As departments are currently updating their project plans for the upcoming 2024-2028 Financial Plan, Staff could bring forward a listing in September 2023 with funding options for projects for Council's consideration.
  - Allocate \$8,088,000 of the funding to these projects.

## **FINANCIAL CONSIDERATIONS**

Allocating the GCF funding to the two categories identified above would allow current projects to be completed as planned while allowing Council to include new projects into the 2024-2028 Financial Plan.

### **Other Funding:**

The Community Works Fund (CWF) agreement ends on 2024-MAR-31 and no update has been provided to date on how or if the fund will continue. Staff consider it likely that the program will continue but it is not clear as to the funding levels or what the allowable expenditures will be. Once the funding is confirmed, staff will review the Project Plan to determine what project can be added back or accelerated. It is anticipated that these changes would be incorporated into the 2024-2028 Final Financial Plan.

In 2022, the City received approximately \$4.0 M in funding through the CWF.

## **NEXT STEPS**

- As project costing is finalized, Staff will bring decision reports forward for Council's consideration to allocate the GCF funds for projects in the current 2023-2027 Financial Plan.
- As part of the project planning process, Staff will accumulate a list of potential projects for funding from the GCF and present for Council's consideration in September 2023. |

## **OPTIONS**

1. That the Finance and Audit Committee Council provide recommendations to Council on how to allocate the Growing Communities Fund monies.
  - The advantages of this option: Funding will allow flexibility for the funding of cost over-runs as well as projects not currently in the Financial Plan.
  - The disadvantages of this option: None
  - Financial Implications: Funding has been received and will be allocated to the new Growing Communities Fund Reserve Fund. The 2023-2027 Final Financial Plan will be updated to include the funding recommendations approved by Council.
2. That the Financial and Audit Committee provide alternative direction. |

## **SUMMARY POINTS**

- On 2023-FEB-10, the Province announced the Growing Communities Fund (GCF) to support building stronger BC communities.
- On 2023-MAR-24, the City of Nanaimo received \$16,088,000 in funding from the GCF.

## **ATTACHMENTS:**

Attachment A: Growing Communities Fund Potential Funding Options

Attachment B: Growing Communities Fund Questions and Answers for Municipalities |

**Submitted by:** |

Laura Mercer  
Director, Finance |