

DATE OF MEETING | JULY 16, 2025 |

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**SUBJECT                      STRATEGIC PRIORITIES FUND CAPITAL INFRASTRUCTURE  
STREAM**

## **OVERVIEW**

### **Purpose of Report**

To provide Council with information on potential projects for the Strategic Priorities Fund Capital Infrastructure Stream and obtain a Council resolution supporting an application under this program stream. |

### **Recommendation**

That the Finance and Audit Committee recommend that Council direct Staff to apply to the Strategic Priorities Fund Capital Infrastructure Stream for funding for Commercial Street Phase 3 and that Council commits to Staff providing overall grant management and support any cost overruns.

## **BACKGROUND**

The Strategic Priorities Fund (SPF) Capital Infrastructure Stream is an application-based funding program, which pools a portion of the annual Canada Community Building Fund (CCBF) for strategic investments that are considered large in scale, regional in impact, or innovative and support the CCBF national objectives of productivity and economic growth, a clean environment, and strong cities and communities. This is the fourth intake of the SPF program, which will see an investment of up to \$125 million to support infrastructure projects in communities across the province. The program is available to all local governments in British Columbia, outside of Metro Vancouver.

The Capital Infrastructure Stream of this fund targets projects that can be started no later than two years after grant approval and completed no later than five years after grant approval. Applications must include:

- A feasibility study and/or design report
- Detailed cost estimate template
- Map and/or drawings
- Project budget
- Current Council or board resolution indicating support for the proposed activities and willingness to provide overall grant management and support any cost overruns

Timing of the funding announcements are not defined by the program guidelines. The program can contribute a maximum of 100% of the cost of eligible activities, to a maximum of \$7 million.

Eligible expenditures are those associated with the acquiring, planning, designing, constructing or renewal and rehabilitation of a tangible capital asset or natural asset.

Projects will be considered ineligible if the project works start prior to the date the project is included in a submitted application. The project is deemed to have been started if a tender has been awarded or work has commenced.

The current SPF program is considered federal funds for the purpose of federal or provincial stacking rules. While stacking rules do not apply specifically to the SPF program, it is recommended that any other grant programs being considered for joint funding are consulted. SPF and Community Works Funds (CWF) can be stacked without restrictions.

The grant application deadline is **2025-SEPT-12.** |

## **DISCUSSION**

Staff have short listed **four** projects for consideration under the current funding stream.

### **Commercial Street Phase 3 (Victoria Cres to Terminal)**

Commercial Street Phase 3, part of the Design Commercial project includes Commercial Street from Terminal Avenue to the intersection at Wallace Street. The project includes replacing aging and outdated surface treatments with modern finishing materials, adding better lighting, and upgrades to Tideline Park, a small but important pocket park. The project is designed to revitalize the downtown area which is considered to be the heart of the City. The Commercial Street Phase 3 project supports the CCBF national objectives of productivity and economic growth and strong cities and communities.

Construction on this section of Commercial Street will begin after the new downtown transit exchange is completed next to the project site. The upgrades to Commercial Street will be designed to integrate smoothly with the transit exchange, providing a direct and convenient connection for transit users to the city's core.

The goal of the Design Commercial project is to reinvigorate community support and tourism opportunities for many unique and independently owned businesses downtown; to make the space more accessible and inviting to all visitors, by developing a more plaza like feel, with priority given to non-motorized modes of transportation; to promote downtown events such as the Thursday evening night markets; and to create a more inviting environment by incorporating more green space and public art.

This project is estimated to cost of \$4.53M and contingent on a successful grant application design would begin in 2026 with construction beginning in 2027.

### **Beban HVAC**

The Beban HVAC project would include the installation of an air-source heat pump with gas back up, provide mechanical dehumidification to Beban Pool to manage interior moisture and replace the existing single heating/cooling loop with dual-loop system at the Beban Social Centre to provide simultaneous demand heating and cooling in the Social Centre. This will renew existing

systems while providing greater user comfort. The Beban HVAC project supports the CCBF national objectives of a clean environment and strong cities and communities.

Beban Complex (Beban Pool, Beban Social Centre, and Frank Crane Areana) has been in service for 50 years. Since that time, only targeted asset renewals have taken place, generally including single component renewals (i.e. a boiler or air handling unit) instead of a reviewing the systems holistically. This project looks at the aging systems holistically and targets asset renewal, improved patron experience, and asset protection while reducing emissions and energy consumption. Beban Complex is the second highest producer of GHG emissions amongst the City's facilities and is responsible for approximately 700t of GHG emission annually. This project would reduce that by about 80%.

Mechanical dehumidification is critical to efficient operations and managing moisture in indoor pools. Beban Pool was built before this was a requirement and has no mechanical dehumidification. Moisture is managed by exhausting interior air and bringing in greater volumes of fresh air. This is an energy intensive process that could be significantly improved with mechanical dehumidification, heat recovery, and pre-heating using more efficient systems.

Currently the existing system in the Social Centre cannot deliver heating and cooling simultaneously. This creates comfort concerns during the shoulder season when the mornings are cool (heating needed), and afternoons are warm (cooling needed). Additionally, the various activities at the Social Centre would benefit from temperature control. An aerobic class versus a quilting class have different comfortable temperatures for participants. This project will address these issues.

This project is estimated to cost \$7.1M and contingent on a successful grant application, design would begin in 2026/2027 with project delivery beginning in 2027/2028.

### **Buttertubs Marsh Lateral System**

The City of Nanaimo is experiencing critical sanitary sewer capacity issues in the Buttertubs Marsh Lateral System (BML), driven by rapid development and institutional growth, particularly at Vancouver Island University (VIU). The construction of a new 266-bed student housing complex at VIU will significantly increase wastewater flows and adds urgency to addressing infrastructure limitations. The 2024 Buttertubs Lateral Sewer Upgrade Alignment Study identified that the existing BML sewer cannot accommodate existing peak flows, especially during wet weather events, without risking overflows and environmental harm to the sensitive marsh ecosystem.

The Buttertubs Marsh Lateral System project would construct a new pump station and route a new sewer forcemain through the Bird Sanctuary Drive subdivision. This project combined with a temporary diversion of VIU flows to the Chase River Trunk via Fourth Street (scheduled for construction in the fall of 2025) would provide immediate relief while permanent infrastructure is developed. This phased solution balances short-term needs with long-term sustainability.

Investing in this infrastructure is essential to support VIU's growth, proposed developments, protect ecological assets, and ensure reliable wastewater service for the community in this catchment. The Buttertubs Marsh Lateral System project supports the CCBF national objectives of productivity and economic growth, a clean environment and strong cities and communities.

This project is estimated to cost \$8.4M. The project is currently scheduled for 2034 but contingent on a successful grant application would be accelerated to 2026/2027.

### **Stadium District Centre**

The proposed Stadium District Centre is a transformative infrastructure project which would result in a multi-use facility offering essential amenities including change rooms, washrooms, wellness and training spaces, and public meeting rooms alongside even-focused features that will enhance the Stadium District's capacity to host regional and national level sporting events, concerts and festivals. The Stadium District Centre project supports the CCBF national objectives of productivity and economic growth, a clean environment and strong cities and communities.

Strongly supported by Nanaimo's sporting community, the project reflects a shared vision to expand access to inclusive, high-quality sport, wellness, and event infrastructure. It will further establish Nanaimo as a regional hub and destination for sport, recreation, and cultural events, drawing visitors and economic activity from across Vancouver Island, the province and beyond. Additionally, the project supports environmental goals through the redevelopment of a former coal mine site, helping to reduce contamination and restore the land for higher level public use.

The project is estimated to cost \$7.0M, and contingent on a successful grant application would be scheduled for design in 2026 and construction for 2027 and 2028. |

## **FINANCIAL CONSIDERATIONS**

### **Commercial Street Phase 3 (Victoria Cres to Terminal)**

Commercial Street Phase 3 is included in the 2026 - 2035 Draft Project Plan submitted at a budget of \$4.53M. The proposed grant application would apply for funding of 100% of the project budget.

If selected by Council, the project would be added to the 2026 - 2030 Draft Financial Plan funded by a grant from SPF. The project would be contingent on a successful grant application.

### **Beban HVAC**

Only the Beban Social Center Chillers and the Beban Pool HVAC Dampers are included in the 2026 - 2035 Draft Project Plan. Total budget for the project has been estimated at \$7.1M. The proposed grant application would apply for the maximum amount of funding available of \$7.0M.

If selected by Council, the complete project would be added to the 2026 - 2030 Draft Financial Plan funded by a grant of \$7.0M from SPF with the balance funded by the City. The full scope of the project would be contingent on a successful grant application.

### **Buttertubs Marsh Lateral System**

The Buttertubs Marsh Lateral System project construction phase is included in the 2026-2035 Draft Project Plan submitted at a budget of \$7.7M scheduled for 2034. It is estimated that the design phase would cost an additional \$700,000, which is not currently in the Draft Project Plan. The proposed grant application would apply for funding of the maximum amount of \$7.0M.

If selected by Council, the project would be added to the 2026 - 2030 Draft Financial Plan funded by a grant of \$7.0M from SPF and other sewer projects would be reprioritized to fund the additional \$1.4M. Acceleration of the project in the project plan would be contingent on a success grant application.

### **Stadium District Centre**

The Stadium District Centre is not currently in the 2026 - 2035 Draft Project Plan submitted. The budget for this project is estimated at \$7.0M. The proposed grant application would apply for funding of 100% of the project budget.

If selected by Council, the project would be added to the 2026 - 2030 Draft Financial Plan funded by a grant from SPF. The project would be contingent on a successful grant application. |

### **OPTIONS**

1. That the Finance and Audit Committee recommend that Council direct staff to apply to the Strategic Priorities Fund Capital Infrastructure Stream for funding for Commercial Street Phase 3 and that Council commits to provide overall grant management and support any cost overruns.
  - The advantages of this option: A successful grant application would expedite the completion of the Design Commercial project.
  - The disadvantages of this option: The project budget does not maximize the available grant funding available.
  - Financial Implications: The project will be included in the 2026 - 2030 Draft Financial Plan contingent on a successful grant application.
2. That the Finance and Audit Committee recommend that Council direct staff to apply to the Strategic Priorities Fund Capital Infrastructure Stream for funding for the Beban HVAC project and that Council commits to provide overall grant management and support any cost overruns.
  - The advantages of this option: A successful grant application will result in greater user comfort, improved efficiency, reduced GHG emissions, and address required asset renewals that will be required in the near term regardless of grant funding.
  - The disadvantages of this option: Construction may interrupt regular programming or require a longer maintenance window.
  - Financial Implications: The full project will be included in the 2026 – 2030 Draft Financial Plan contingent on a successful grant application.
3. That the Finance and Audit Committee recommend that Council direct staff to apply to the Strategic Priorities Fund Capital Infrastructure Stream for funding for the Buttertubs Marsh Lateral System project and that Council commits to provide overall grant management and support any cost overruns.
  - The advantages of this option: A successful grant application would result in this project being completed earlier than currently scheduled, addressing the current critical sanitary sewer capacity issues more quickly than otherwise possible.

- The disadvantages of this option: A successful grant application will not fund the entire project and will require a reprioritization of the remaining Sewer projects.
  - Financial Implications: The project will be included in the 2026 – 2030 Draft Financial Plan contingent on a successful grant application. Other sewer projects will be reprioritised to fund the City's portion of the project.
4. That the Finance and Audit Committee recommend that Council direct staff to apply to the Strategic Priorities Fund Capital Infrastructure Stream for funding for the Stadium District Centre and that Council commits to provide overall grant management and support any cost overruns.
- The advantages of this option: This project helps fulfill components of the City of Nanaimo's Integrated Action Plan (IAP 164 and 192) regarding the completion of the Stadium District, a designated key area for sport and outdoor events.
  - The disadvantages of this option: Construction may interrupt normal use of the facility and may impact availability to user groups.
  - Financial Implications: The project will be included in the 2026 – 2030 Financial Plan contingent on a successful grant application.
5. That the Finance and Audit Committee recommend alternative direction for a project to apply to the Strategic Priorities Fund Capital Infrastructure Stream.

#### **SUMMARY POINTS**

- The Strategic Priorities Fund Capital Infrastructure Stream provides 100% funding for eligible project costs up to a maximum of \$7 million.
- The City may submit one application for this funding.
- Applications are due 2025-SEPT-12.

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