

FOR: COUNCIL

MEETING DATE: May 4, 2026

DEPARTMENT: CORPORATE SERVICES

SUBJECT: **BUILDING COMMUNITIES STRONG FUND DIRECT DELIVERY STREAM**

**OVERVIEW**

**Purpose of Report**

The purpose of this report is to seek Council direction on potential projects to be submitted as Expressions of Interest (EOIs) under the new Build Communities Strong Fund Direct Delivery stream.

**Recommendation**

That Council direct Staff to submit Expressions of Interest under the Build Communities Strong Fund Direct Delivery stream for the following projects;

- i. Public Works Yard Update;
- ii. Millstone Trunk Sewer from East Wellington to Westwood;
- iii. Loudon Park Improvements; and
- iv. Stadium District Amenity Buildings.

**BACKGROUND**

On April 7, 2026, the Government of Canada announced the Build Communities Strong Fund (BCSF). The BCSF will invest in a wide range of infrastructure projects that support economic prosperity, housing, education, health, transit, and climate adaptation. It will provide \$51 billion over 10 years, starting in 2026-27, and \$3 billion per year ongoing, to support new and renewed public infrastructure. The BCSF will deliver funding through three streams;

- Provincial and Territorial stream. This stream will provide \$17.2 billion over 10 years, starting in 2026-27, to support provincial and territorial infrastructure projects and priorities related to housing, post-secondary education, and health.
- Community stream. This stream will provide \$27.8 billion over 10 years, starting in 2026-27, and \$3 billion per year ongoing, as planned to support local infrastructure priorities. The Community stream is formerly known as the Canada Community-Building Fund.
- Direct Delivery stream. This stream will provide \$6 billion over 10 years, starting in 2026-27, to support regionally significant projects, climate adaptation, and community infrastructure.

The BCSF Direct Delivery stream emphasizes momentum and rapid delivery and has extended a call for Expressions of Interest (EOIs) for projects. Funding will be prioritized for shovel-ready projects that can start over the next 12 months and have Class C estimates at a minimum.

Eligible recipients under the Direct Delivery stream consist of provinces, territories, municipalities, and Indigenous communities. Eligible assets include large building retrofits, climate adaptation, and community infrastructure. Regionally significant projects will need to consider private sector investment, including through the Canada Infrastructure Bank, to maximize public investment capacity and reduce pressure on government budgets. At this time, the percentage of funding allowed per project has not been disclosed in the program information, nor has the timeline for when funding will be announced.

## **DISCUSSION**

Based on the limited information that has been made available regarding the BCSF Direct Delivery stream, Staff propose to submit EOIs for the following four projects that will meet the eligibility requirements.

### **Public Works Yard Update**

The City's Public Works Yard is a critical municipal operations facility that supports daily service delivery and serves as a Departmental Operations Centre. Previous assessments have confirmed the need for reinvestment to address safety, functionality, and long-term resilience. The project proposes construction of a new Crew & Administration building, a new Fleet Maintenance building, and related site improvements to support operations.

Using the Integrated Project Delivery (IPD) method, the Public Works Yard Update project has engaged a contractor, and construction is scheduled to start in September/October 2026. In February 2026 Council approved a \$79.4 M budget for the total projected capital cost of the project. The project is currently funded by General Asset Management Fund (\$2 M), Water Reserves (\$0.5 M), Sewer Reserves (\$0.2 M) and Borrowing (\$76.7 M). Any funding awarded by the BCSF Direct Delivery stream would reduce required borrowing, lowering debt servicing costs which are being funded by property taxes and water and sewer user rates.

### **Millstone Trunk Sewer from East Wellington to Westwood**

The existing 1977 600 mm asbestos cement sewer trunk along a one-kilometre section of Millstone between East Wellington and Westwood requires upsizing to 900 mm to address current and future capacity deficiencies identified in the 2012 Millstone Sewer Trunk and Laterals Master Plan. This segment of the Millstone Trunk is a high-risk asset due to inadequate capacity during peak wet weather events, resulting in a demonstrated risk of surcharging and flooding in environmentally sensitive areas adjacent to the Millstone River. Construction was initially planned for spring 2026, but higher-than-anticipated tender prices have postponed the project, as proceeding as planned in 2026 would deplete Sewer DCC reserves and constrain delivery of other high-priority capital works.

This project is shovel-ready, can start within the next 12 months, and has Class C cost estimates. The 2026 - 2030 Financial Plan currently has \$3.3 M budgeted for this project. If funding was awarded by the BCSF Direct Delivery stream, this would allow the project to proceed in spring of 2027. Alternatively, the City may need to consider other funding sources to advance the project such as external borrowing.

### **Loudon Park Improvements**

The Loudon Park Improvements Project is a master-planned initiative to enhance one of Nanaimo's most well-used waterfront parks on Long Lake, to deliver a boat house and community activity center and expanded and improved park amenities.

This project will have Class C estimates within six months, and construction could start as early as Q1 2027. In the fall of 2025 Council selected Option C, estimated at \$11.5 M, including \$1.3 M in non-building park improvements. The current budget is funded by Community Works (\$4.3 M), Strategic Infrastructure Fund (\$3.6 M), Special Initiatives Reserve (\$2.9 M) and Operating Reserves (\$0.7 M). If funding were awarded by the BCSF Direct Delivery stream, the amount of funding required from the City reserves would be reduced.

### **Stadium District Amenity Building**

The Stadium District Amenity Building Project brings forth the development of a centralized change room and washroom facility to support key athletic venues within Nanaimo's Stadium District, including Q'únq'ínuqwtuxw Stadium, Rotary Bowl, and Serauxmen Stadium.

This project will have Class C estimates within six months, and construction could start as early as Q1 2027. The 2026 – 2030 Financial Plan includes \$3.7 M for this project based on conceptual drawings and funded by Community Works (\$3.4 M) and the General Operating Fund (\$0.3 M). If funding were awarded by the BCSF Direct Delivery stream, the amount of funding required from the City would be reduced.

### **Other Projects Considered**

The Maffeo Sutton Park Washroom 2026 - 2030 Financial Plan includes \$3 M for final design and construction costs and public art. The major funding source for this project is the Growing Communities Fund. It was determined that the Loudon Park Improvements and the Stadium District Amenity Building projects would better suit the BCSF Direct Delivery stream eligibility and provide the potential for a larger grant contribution if successful.

### **COMMUNICATION AND COMMUNITY ENGAGEMENT**

This initiative does not require a statutory notification or include community engagement activities.

### **ALIGNMENT WITH CITY PLAN**

The report is aligned with the following City goals:

- A Green Nanaimo: Resilient and Regenerative Ecosystems
- A Connected Nanaimo: Equitable Access and Mobility
- A Healthy Nanaimo: Community Wellbeing and Livability
- An Empowered Nanaimo: Reconciliation, Representation, and Inclusion
- A Prosperous Nanaimo: Thriving and Resilient Economy
  - C5.1 Economic Capital]

## **ALIGNMENT WITH COUNCIL'S STRATEGIC PRIORITIES**

The report is aligned with the following Council Strategic Framework priorities:

- Implementing City Plan Action Plans and Key City Management Plans
- Social, Health and Public Safety Challenges
- Maintaining and Growing Current Services
- Capital Projects
- Communicating with the Community
- Governance and Corporate Excellence

## **NEXT STEPS**

If the EOIs result in an invitation to submit a full proposal for funding, a Staff Report for Decision will be brought forward to the Finance and Audit Committee recommending that Council direct Staff to apply to the BCSF Direct Delivery stream for the relevant project(s).

## **OPTIONS**

1. That Council direct Staff to submit Expressions of Interest under the Build Communities Strong Fund Direct Delivery stream for the following projects;
  - i. Public Works Yard Update;
  - ii. Millstone Trunk Sewer from East Wellington to Westwood;
  - iii. Loudon Park Improvements; and
  - iv. Stadium District Amenity Buildings.
  - The projects identified, while representing a good variety of investment in community infrastructure, also meet the grant program's objective of being shovel-ready with good cost estimates.
  - City Staff time will be required to prepare the EOI for each project.
  - The full financial implications are not yet known as the grant program has not specified the funding percentages. However, any funding received will reduce the amount of funding required to be contributed by the City.
2. That Council provides alternate direction.

### **KEY MESSAGES**

- The Government of Canada announced the Build Communities Strong Fund (BCSF) to support economic prosperity, housing, education, health, transit, and climate adaptation.
- Full program details are not yet available.
- Staff have identified four potential projects for Expressions of Interest (EOI) submissions.

**Authored by:**

Deanna Walker  
Senior Financial Analyst

**Concurrence by:**

Charlotte Davis  
Deputy Director, Parks, and Natural Areas

Poul Rosen  
Director, Engineering

Darcie Osborne,  
Director, Parks, Recreation and Culture

Dhanya Balachandran  
Manager, Financial Planning

Wendy Fulla  
Director, Finance

Lisa Bhopalsingh  
General Manager, Community Services and  
Deputy CAO

Laura Mercer  
General Manager, Corporate Services