

DATE: November 4, 2021

FILE: 1855-03/Gas Tax

TO: Chair and Directors
Electoral Areas Services Committee

Supported by Russell Dyson
Chief Administrative Officer

FROM: Russell Dyson
Chief Administrative Officer

R. Dyson

RE: Community Works Fund Status Report – October 31, 2021

Purpose

To provide the Electoral Areas Services Committee with a Community Works Fund (CWF) status report for the period ending October 31, 2021.

Recommendations from the Chief Administrative Officer:

To further explore projects highlighted in the November 4, 2021 Community Works Funds status report through the 2022 – 2026 financial planning process to determine allocations by spring 2022.

Executive Summary

- As of June 29, 2021, the Gas Tax Fund has been renamed the Canada Community Building Fund (CCBF). The change reflects the program’s evolution and does not alter or modify the objectives or requirements of the program.
- On August 16, 2021, the Comox Valley Regional District (CVRD) received the year-eight, bonus payment (\$1,029,891.25) and allocated it based on 2016 census numbers. This is shown in Appendix A as 2021 Approved Funding Received.
- The CVRD’s CWFs are allocated to the electoral areas based on population. At October 31, 2021 the balance of CWFs was \$9.37 million. Of this, \$5.87 million is committed to pending projects and \$3.50 million is uncommitted, available for future project allocations.
- We anticipate two annual payments from the Union of BC Municipalities (UBCM) before the current agreement expires on March 31, 2024: a year-nine payment of \$1.08 million for 2022-2023, and a year-ten payment of \$1.12 million for 2023-2024, the final year of the agreement. These projected, uncommitted funds when combined with our current uncommitted balance of \$3.50 million provides \$5.70 million of funding available for future projects. Outlined in the table below is a breakdown of each electoral area’s share of this uncommitted funding.

Electoral Area	Current Uncommitted Balance	Projected Year 9 2022-2023	Projected Year 10 2023-2024	Projected Total Funds Available
Denman - Hornby Islands (Area 'A')	327,426.54	102,426.13	106,864.91	\$ 536,717.58
Baynes Sound (Area 'A')	1,674,307.97	236,317.43	246,558.56	\$ 2,157,183.96
Lazo North (Area 'B')	802,873.43	333,201.94	347,641.69	\$ 1,483,717.06
Puntledge - Black Creek (Area 'C')	696,739.51	404,679.50	422,216.84	\$ 1,523,635.85
Total	\$ 3,501,347.43	\$ 1,076,625.00	\$ 1,123,282.00	\$ 5,701,254.43

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Background/Current Situation

The CWF is now a component of the CCBF, formerly the federal Gas Tax Fund. UBCM helps administer the fund and issues payment to the CVRD semi-annually. The current CCBF has three national objectives: productivity and economic growth, a clean environment, and strong cities and communities. It has been in place since April 1, 2014 and will end March 31, 2024. The fund itself has three program streams: the CWF (annual allocation), the Strategic Priorities Fund (application-based), and the Greater Vancouver Regional Fund.

Additionally in July 2021, the Government of Canada announced an expansion of the CWF investment categories to now include fire halls and fire station infrastructure in order to contribute to the program's objectives of building stronger and more resilient communities, particularly in regions that have been significantly affected by wildfires.

The CWFs received by the CVRD are allocated to the electoral areas based on population as per Board direction and held in a reserve fund as per Bylaw No. 2931. Allocation of funds to electoral areas is calculated based on the 2016 census data, which is the most recent.

Policy Analysis

In compliance with the CCBF agreement between the CVRD and UBCM, the CVRD is required to work to strengthen asset management during the term of the agreement and the money is to be used to pay up to 100 per cent of eligible costs of eligible capital projects or capacity building projects that support the three program benefits:

- beneficial impacts on communities of completed eligible projects;
- enhanced impact of gas tax funding as a predictable source of funding including incremental spending; and
- progress made on improving local government asset management

The CWF's projects are driven by the priorities identified by the CVRD Board. Some are corporate initiatives, such as the relocation of the corporate office assets out of the floodplain or various water treatment plans/facilities. Others are operational initiatives, such as upgrades or creation of parks and trails. The board can also use the funds for strategic driver projects related to climate crisis and environmental stewardship and protection, fiscal responsibility, community partnerships, and indigenous relations.

Options

The CVRD may choose to allocate all or part of its CWFs for eligible capital projects and capacity building projects within the electoral areas. Alternatively, they may also combine funds to undertake sub-regional or regional initiatives. Municipalities receive their own community works fund allocations to support their own initiatives. Regional initiatives however could provide opportunities to combine funds from all Comox Valley local governments to complete initiatives and projects that enhance services for all residents. Regional

CWF partnerships could include recreation and tourism, active transportation, broadband connectivity, transportation hubs and transit improvements, and other regional growth and capacity building strategies. As the current CWF agreement nears the end of its term, UBCM has indicated they would like to see all funds allocated and utilized. Staff continue to investigate possible uses for the remaining uncommitted funds including core service upgrades, regional partnership projects, and Board strategic driver projects. Some examples of projects that could be funded with the uncommitted CWFs are noted below. Further exploration of possible projects supporting community enhancements and moving forward on Board strategic priorities could be developed leading into our annual financial planning process.

- Extension of Sewer Services South - \$20.7M conveyance pipe, \$2.7M Courtenay pump station upgrades, \$35-\$44M collection system:
 - Supporting the installation of community sewer collection and conveyance infrastructure (with treatment at the Comox Valley Water Pollution Control Centre) remains a high priority for the south region. The project provides for:
 - meaningful reconciliation with K'ómoks First Nation (KFN) by moving forward together on a project that positively impacts the entire community of the Comox Valley while supporting KFN in realizing its social, environmental and economic goals;
 - resolving long standing environmental issues in Royston and Union Bay, providing the backbone for servicing of these communities; and
 - implementation of sustainable, ongoing environmental protection for Baynes Sound and its rich shellfish resources
- Extension of Water Services South - \$18.8M (\$7.4M grant)
 - Supporting the connection of the Royston Water Service Area to the Comox Valley Water system with supply of treated drinking water from the new Comox Valley Water Treatment Plant project. New infrastructure, as well as required capital improvement cost charges in order to connect to the Comox Valley Water System are significant. The use of CWF to offset some of the costs would be beneficial.
- Rural Water System Upgrades to support sound asset management and assist with water conservation initiatives (costs to be determined).
- Electric vehicle fast charging stations
 - Vehicles remain the mode of transportation residents prefer to utilize therefore investing in fast charging stations in strategic areas in the CVRD would promote the purchase of electric vehicles thereby providing the highest impact to reduce greenhouse gas (GHG) emissions.
 - \$100K each (Denman Island, Hornby Island, Union Bay, Black Creek).
- Transportation hubs
 - Providing transportation improvements to support transit, cycling, carpooling and other modes of transportation could have significant impacts to regional GHG emissions, as well as reducing traffic congestions in the Comox Valley.
 - Transit park and rides/transportation hubs - \$75,000 each:
 - Fanny Bay
 - Union Bay
 - Black Creek
 - Oyster River
- Fire Halls and Fire Station Infrastructure
 - Union Bay Fire Hall

- This fire station has long been slated for replacement, and specific consideration will need to be given to the hazardous material remediation (asbestos) that will be required upon any demolition of the current facility once a new one is constructed.
- Community energy systems/energy use in CVRD facilities
 - Investments in facility energy efficiency upgrades could significantly reduce GHG emissions and save operating costs, particularly in facilities where investments would have a significant impact to both GHG emissions and annual operational cost savings resulting in a significant return on investment. This could include mechanical upgrades as well as solar panels with such investments potentially incentivizing and promoting renewable energy for residents.
 - E.g. annual allocation into energy improvements in community facilities:
 - Fire Halls - \$100K each
 - Community Halls - \$100K each
- Active transportation investments
 - Enhancing cycling, multi-use and pedestrian infrastructure in accordance with the priority projects identified in the Regional Active Transportation Network Plan would encourage residents to utilize other modes of transportation than cars. Strategic investments in priority projects could enable a modal shift that will result in reduced GHG emissions within the transportation sector (our largest GHG emitting sector). The plan identifies seven pedestrian projects, six cycling projects and eleven multi-use projects. These include:
 - Area C – Saratoga Beach/Miracle Beach Paulsen Road – 600m – Bicycle accessible and walkable shoulder connecting Miracle Beach Drive and Miracle Beach Elementary School (cost estimate: \$1.3 million);
 - Area B (Huband Road) – 900m – buffered pedestrian lane between Highway 19A and Mottishaw Road connecting to Huband Elementary School (estimate: \$800,000);
 - Area A – Highway 19A Union Bay – 1km – bicycle accessible and walkable shoulder between Jones Street and McLeod Road (cost estimate: \$2.3 million).
 - E&N corridor connection: as an alternative to Highway 19A facilities, considerable engagement feedback identified 28km of the E&N corridor as key to the establishment of an integrated, regional active transportation network. The corridor connecting the City of Courtenay to the region’s southern communities of Royston, Union Bay, and Fanny Bay is identified in the plan as a long-term network priority.

Financial Factors

Appendix A shows the CWF allocations based on electoral area population as well as the committed funds. At October 31, 2021 the total CWF balance was \$9,369,516 prior to commitments for projects of \$5,868,168.67 resulting in the CVRD having a CWF uncommitted balance of \$3,501,347.

The current CWF agreement expires March 31, 2024. The CVRD expects to receive funding of \$2,199,907 for the balance this agreement, providing it with an estimated uncommitted fund balance of \$5,701,254.

Legal Factors

CWFs are provided to the CVRD electoral areas by the federal government under agreement with UBCM. The funds must be spent on eligible projects by eligible recipients, and UBCM holds the CVRD accountable for compliance with the agreement’s goals and outcomes. If UBCM determines that a project is not eligible under the CWF criteria, the CVRD would need to find alternate funding sources.

Regional Growth Strategy Implications

Currently the CVRD allocates the CWFs to the electoral areas and are used for specific initiatives. Through the development of the regional growth strategy and enhanced focus of regional collaboration within the valley, CWF could be used, including leveraging member municipality CWFs, to deliver more regional initiatives. Designation of the rural settlement nodes within the Regional Growth Strategy (RGS) as potential growth areas was premised on the establishment of regional water and regional sewer services. In the absence of these services, accommodation of growth in these nodes is increasingly challenging. Use of CWF within the rural settlement nodes could support further realization of RGS objectives.

Intergovernmental Factors

The CVRD is required to file an annual report with UBCM by the June 1 each year. The report provides details about the projects for which CWF were spent in the preceding year and the interest earned and balance of CWF held in reserves.

Interdepartmental Involvement

Staff from Community Services, Engineering Services and executive management discuss potential projects that may be suitable for funding under the CWF program for presentation to the Committee and/or Board through the annual financial planning process. These recommendations are brought to the Electoral Areas Services Committee and Board for review and to commit the funds.

Citizen/Public Relations

The CWF agreement contains public relation requirements to assist in informing the public of the funding sources that have enabled the new infrastructure projects.

CWFs are typically used for CVRD initiatives but may be advanced, under agreement, to eligible third party organizations for projects meeting the Canada Community-Building Fund program outcomes and is determined to add community value to those respective areas.

Attachments: Appendix A – CVRD – CWF Schedule as at October 31, 2021

Comox Valley Regional District

APPENDIX A

COMMUNITY WORKS FUNDS (Agreement expiry: March 31, 2024)
As at October 31, 2021

	038		030		031		032	
	Area A		Area A		Area B		Area C	
	Total	Denman-Hornby Islands	Baynes Sound	Lazo North	Puntledge - Black Creek			
Balance forward - December 31, 2020	7,560,786.12	503,020.68	1,629,946.02	2,244,627.34	3,183,192.08			
2021 Approved funding Received								
2021 New Funds Received - June 2, 2021	1,076,624.82	102,426.12	236,317.39	333,201.88	404,679.43			
2021 Year 8 Bonus Payment - August 16, 2021	1,029,891.25	97,980.06	226,059.44	318,738.43	387,113.32			
2021 Pooled Interest Distributions	-	-	-	-	-			
2021 Funds Available	9,667,302.19	703,426.86	2,092,322.85	2,896,567.65	3,974,984.83			
2021 Eligible Expenses to date								
Black Creek-Oyster Bay Water Meter Replacement	(23,113.77)				(23,113.77)			
Denman Island Ferry Trail	(9,022.97)	(9,022.97)						
EA Playgrounds - Fanny Bay Playground	(94,620.54)		(94,620.54)					
King Coho waste water treatment project	(83,556.00)			(83,556.00)				
Morrison Creek Conservation Area	(66,973.06)				(66,973.06)			
Seal Bay Park trail improvements	(12,667.23)			(12,667.23)				
Tsolum River Agricultural Watershed Planning	(7,832.52)			(4,090.31)	(3,742.21)			
Watuco Water System - System Modifications and Meter Instal. (Subject to service expansion approval)								
Total Expenditures at October 31, 2021	(297,786.09)	(9,022.97)	(94,620.54)	(100,313.54)	(93,829.04)			
CWF Balance as at October 31, 2021	\$ 9,369,516.10	\$ 694,403.89	\$ 1,997,702.31	\$ 2,796,254.11	\$ 3,881,155.79			
		Area A	Area A	Area B	Area C			
		Denman-Hornby Islands	Baynes Sound	Lazo North	Puntledge - Black Creek			
Commitments								
Black Creek-Oyster Bay Water Meter Replacement	(46,886.23)				(46,886.23)			
Comox Valley sustainability strategies-implementation phase	(9,798.55)		(3,266.53)	(3,266.51)	(3,265.51)			
Denman and Hornby - Internet Landing Sites	(142,000.00)	(142,000.00)						
Denman Island Ferry Trail	(31,406.29)	(31,406.29)						
Denman Water - Water Master Plan	(7,422.30)	(7,422.30)						
Dyke Road Park Improvements 2025	(150,000.00)			(150,000.00)				
EA Greenway Projects - Area B Community Connections 2022-2024	(300,000.00)			(300,000.00)				
EA Greenway Projects - Lazo Road Greenway Development	(197,353.75)			(197,353.75)				
EA Playgrounds - Fanny Bay Playground	(5,379.46)		(5,379.46)					
Electric Vehicle Charging Stations	(40,000.00)	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)			
In Camera - BOD March 31, 2020/April 7, 2020	(712,473.84)		(303,599.59)	(100,000.00)	(308,874.25)			
Hornby Island Arts Council (HIAC) - Arts Centre	(175,000.00)	(175,000.00)						
Jackson Drive sewer upgrade	(60,223.39)			(60,223.39)				
Lloyd and Astra Roads Main Replacement 2022	(200,000.00)			(200,000.00)				
Morrison Creek Conservation Area	(3,027.23)				(3,027.23)			
Mount Washington Fire Hall	(900,000.00)			(200,000.00)	(700,000.00)			
Nymph Falls Park - Annual Capital Projects 2022-2024	(500,000.00)				(500,000.00)			
One Spot trail improvements	(1,119,219.57)				(1,119,219.57)			
On-site septic management plan	(4,595.06)	(1,148.77)	(1,148.77)	(1,148.77)	(1,148.77)			
Rainwater management strategy implementation	(91,806.01)			(91,806.01)				
Regional water supply strategy	(81,988.46)			(40,993.73)	(40,994.73)			
Seal Bay Park trail improvements	(638,588.53)			(638,588.53)				
Tsolum River Agricultural Watershed Planning	-			-	-			
Watuco Water System - System Modifications and Meter Instal. (Subject to service expansion approval)	(451,000.00)				(451,000.00)			
Total Commitments at October 31, 2021	(5,868,168.67)	(366,977.36)	(323,394.35)	(1,993,380.69)	(3,184,416.29)			
Total Uncommitted CWF Available at October 31, 2021	\$ 3,501,347.43	\$ 327,426.54	\$ 1,674,307.97	\$ 802,873.43	\$ 696,739.51			