

CITY OF NANAIMO

BUSINESS CASE – To consider options to allocate long-term sustainable resources to improve active transportation across the City of Nanaimo (the City).

CURRENT OVERVIEW

In 2019, Council set new community wide greenhouse gas (GHG) emissions targets of 58% below 2010 levels by 2030 and 94%-107% by 2050. It was identified that up to 70% of these GHG's are contributed from transportation emissions. To assist in achieving these targets, the following two policies were included in *City Plan: Nanaimo Reimagined (City Plan)* where e-mobility would play a role in reducing GHG's.

C1.1.9 By 2050, all transportation trips are zero carbon, through active transportation and zero emission vehicle adoption.

And:

C1.1.10 Prioritize walking, rolling, cycling, and transit over other transportation modes to help Nanaimo achieve a zero-carbon transportation system.

To better understand the state of e-mobility in Nanaimo, staff commissioned Dunskey Energy + Climate Advisors to put together a technical study to assess the impact of e-mobility in reducing transportation GHG's, identifying community barriers, and the role the City could take. This study was presented to Council on 2024-SEPT-09 which highlighted the following takeaways:

- E-mobility is unlikely to reduce transportation emissions in the short-term without the increase of active transportation modes such as cycling, walking, and transit.
- Barriers to e-mobility included affordability and access to safe active transportation infrastructure.
- Increasing cycling networks within the community was viewed by the study's survey results as being a focus for the City of Nanaimo.

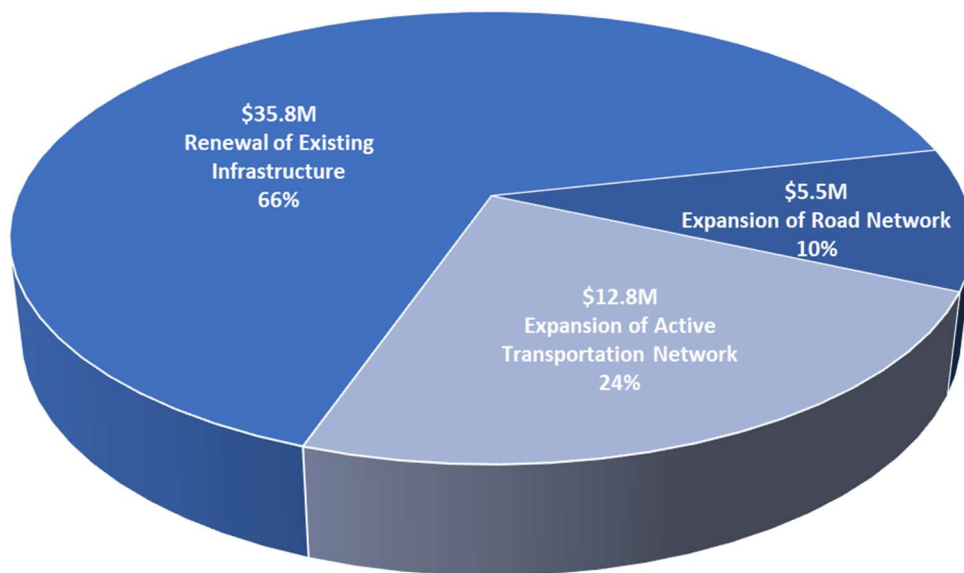
Staff were directed by Council to prepare a business case to provide long-term, sustainable resources to improve active transportation networks for the 2026-2030 budget deliberations.

At present, the City's transportation system currently supports approximately 275,000 trips per day across the community. Over the next 25 years it is expected that this demand will increase by 50%. To accommodate this increased demand, *City Plan* has set policies and goals in place to encourage mode shift to more sustainable transportation methods, aiming to manage population growth sustainably by encouraging people to walk, bike, and use public transit, which in turn will contribute to healthier lifestyles and reduced GHG'S. This approach requires continued investment by the City in maintaining its current transportation assets, with a replacement cost of more than \$632 million (2021), while also investing in expanding its active transportation infrastructure.

As projects grow in complexity and cost, it is essential that each project extract the greatest value possible. The City's current practice is to use asset renewal projects (paving or utilities) as the primary driver and then add additional work, such as bike lanes, sidewalks, and street trees, as funding permits. This method

optimizes project costs within a constrained financial landscape but does not always address key gaps in active transportation infrastructure.

Below is 2026 –2030 draft projection for transportation project budgets.



Includes Bowen Road cycling lane which is contingent on a successful grant application

BUSINESS ISSUE

The current practice of including active transportation infrastructure with asset renewal projects optimizes financial resources but does not focus on addressing key gaps in expanding the active transportation network. The technical study presented to Council on 2024-SEPT-09 highlighted that adding or improving active transportation infrastructure is an important element to support adoption of sustainable transportation. Continued investment in this infrastructure helps encourage the shift to more sustainable transportation. Without it, barriers to mode shift remain, slowing the adoption of lower-emission travel methods.

The City's current practice does not quickly advance sustainable transportation projects that expand the active transportation network in a timelier manner. To address this issue, other mechanisms could be explored. Currently the draft 2026-2030 projection for transportation has proposed \$12.8M for active transportation network expansion projects.

EXPECTED OUTCOME

Staff will examine current processes and project planning to identify ways to accelerate the creation of active transportation projects, offering Council a selection of options to help the City shift toward more sustainable mobility.

OPTIONS

Option #1 – Annual Budget Decision Point for Additional Active Transportation Projects.

Each spring, as part of the Financial Plan Development session, staff would present the Finance and Audit Committee with a list of active transportation projects likely to be excluded from the draft Financial Plan due to funding constraints. The Committee would then identify which projects could be considered for inclusion as a decision point during budget deliberations.

Benefits:

- Enables Council to provide strategic direction on project priorities and funding allocations.
- Creates a transparent decision-making process tied to annual budget planning.

Weaknesses:

- Does not establish a dedicated, long-term funding stream.
- Adds complexity to project delivery, requiring close coordination between funding approvals and implementation timelines.
- Design and planning resources may be invested in projects that ultimately do not proceed.

Financial Analysis:

- Funding decisions could include one-time increases to base project funding or allocations from reserves such as the Strategic Infrastructure Reserve Fund.

Option #2 – Revise Pedestrian Unallocated Program (2026–2030)

Transition the current \$300,000/year Pedestrian Unallocated program into a broader Active Transportation program for a five-year period starting in 2026, increasing the annual budget to \$500,000 funded through the Strategic Infrastructure Reserve Fund. Project delivery would follow the existing model, with Council approving projects expected to be constructed within 18–30 months.

Benefits:

- Supports timely delivery of priority active transportation projects.
- Addresses key gaps in the network more proactively.

Weaknesses:

- Higher per-project overhead reduces the amount of infrastructure delivered per dollar.
- The overall pace of network expansion may not significantly increase.

Financial Analysis:

- Annual contributions to the Strategic Infrastructure Reserve Fund (SIR) are derived from Casino revenues received by the City and payments under the Fortis Gas operating agreement. These contributions are subject to annual fluctuations.
- Currently \$600,000 a year is allocated from the SIR to property acquisition and \$300,000 a year is allocated to the Pedestrian Unallocated program.
- Increasing the funding to \$500,000 a year will reduce available funding for other initiatives or priorities Council may wish to advance.

Option #3 – Maintain Current Project Planning Process

Continue optimizing project delivery within existing funding constraints.

Benefits:

- Ensures cost-effective delivery of active transportation infrastructure.

Weaknesses:

- May delay addressing critical gaps in the active transportation network to when more funding such as grant opportunities are available.

Financial Analysis:

- No change to base funding from property taxes for projects.

RECOMMENDATION

Option #1 as this will create opportunities for Council to make informed decisions on whether to add funding to support Active Transportation projects while still maintaining cost effective project delivery.