CITY OF NANAIMO
THE HARBOUR CITY

Staff Report for Decision

DATE OF MEETING OCTOBER 18, 2023

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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 recommends that Council allocate the Growing Communities Fund monies to:

a.	Design Commercial Project	$3,985,000
b.	Maffeo Sutton Park Washrooms	$3,000,000
c.	Land Purchase – South End Community Centre	$2,500,000
d.	Westwood Lake Park Improvements - Phase 2	$1,180,000

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. The funds must be fully expended by 2028-MAR-31.

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 was created, the grant funds were allocated there.

To date, the funding allocations are as follows:

Date	Amount	Balance	Notes
2023-MAR-31	$16,088,000	$16,088,000	Funding Received
2023-MAY-01	$ (3,000,000)	$13,088,000	Allocation to Harewood Artificial Turf Field Project
2023-JUL-24	$ (2,100,000)	$10,988,000	Allocation to Midtown Water Supply Upgrade Project

At the 2023-OCT-18, the remaining balance available in the Growing Communities Fund Reserve Fund is $10,988,000.

DISCUSSION

Now that the GCF grant has been received and the funds have been allocated to the new Growing Community Fund Reserve Fund, 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 with detailed descriptions of each project below.

Design Commercial Project **$3,985,000**

Project	Current Budget	Proposed Budget	Additional Funding Required	Level of Confidence
Design Commercial				
Phase 1	$ 1,834,259	$ 3,639,022	$ 1,804,763	Moderate – Design complete
Phase 2	$ -	$ 2,180,237	$ 2,180,237	Moderate – Design complete

The concept plan endorsed by Council in 2021 sees improvements to Commercial Street integrated with other projects such as the redevelopment of 1 Commercial Street (former A&B Sound building), 6 Commercial Street (former Jean Burns property) and transit exchange improvements along the 500 block of Terminal Avenue.

Key features of the concept plan include:

- flush curb street
- widened sidewalks
- contrasting colours in the public realm
- improved lighting
- greenery, street trees and natural elements
- on-street flex zones
- redistribution of space and integration of plazas and parks into the street
- public art

The redevelopment of Commercial Street will be phased over a number of years with Phase 1 beginning in 2023. Phase 2 is currently budgeted in 2025/2026 however, a portion of it could be accelerated to be completed in conjunction with Phase 1. The budget for the 2025/2026 work is mainly funded from general taxation and therefore a new funding source would be needed to undertake the Phase 2 work in 2024. These 2 phases would refresh Commercial Street from Diana Krall Plaza to the Great National Land Building. The project is integrated into Councils Strategic Framework as a project that contributes to the redevelopment of the downtown.

This project connects with the five goals of the City Plan framework (A Green Nanaimo, A Connected Nanaimo, A Healthy Nanaimo, An Empowered Nanaimo and A Prosperous Nanaimo).

Maffeo Sutton Park Washroom **$ 3,000,000**

Project	Current Budget	Proposed Budget	Additional Funding Required	Level of Confidence
Maffeo Sutton Park Washroom				
Replacement	$ -	$ 3,000,000	$3,000,000	Low – Design in progress

Council has identified upgrading the washrooms at Maffeo Sutton Park as an immediate priority action (0-4 years) in the corporate Integrated Action Plan.

Maffeo Sutton Park is Nanaimo's premier waterfront park and is a destination for recreation, waterfront access and community gathering. It is Nanaimo's busiest park, and hosts hundreds of special events each year. Public desires for improved and additional washroom facilities along the waterfront have come up through numerous public engagement processes. In 2008, when the Maffeo Sutton Park Spirit Square was designed and built, a new amenity building was always expected to meet evolving community needs for the park. Utility corridors were included in the Spirit Square construction for future park improvements.

The existing washroom building was originally constructed in 1988 and is a solid concrete structure. The fixtures and pipes are aging and wear because of high use. As well, the ventilation is poor and structure is not earthquake proof. The existing building is also too small for the current park usage and blocks the flow of the Spirit Square because it was expected to be removed in 2011.

Conceptual design work is budgeted in 2023 however, nothing is included in the 2024-2028 Draft Financial Plan for detailed design and construction. A range of $2,000,000 to $4,000,000 is estimated to complete the project and costing is dependant on what is included in the final design. In addition, Council has also identified improving the Lions Pavilion as a priority action. Through this design process, staff will also assess any potential synergies between the two projects.

Land Purchase – South End Community Centre $2,500,000

Project	Current Budget	Proposed Budget	Additional Funding Required	Level of Confidence
South End Community Centre				
Land Purchase	$ -	$ 5,000,000	$5,000,000	High

Council has identified the construction of the South End Community Centre as one of their key capital projects for the 2022-2026 term. A feasibility Study is currently underway with one of the primary objectives being to determine the most appropriate site for the Centre.

The South End Community Centre has the potential to meet demand and intergenerational needs in the community as well as a variety of community amenities and services such as:

- Health (primary care other levels of care such as physiotherapy)
- Childcare space (day and night potential)
- Cultural spaces for visual and performing arts
- Various recreational and sport spaces with two gyms proposed, as well as other active and multi use spaces
- Library services
- Central meeting space (community living room)
- And various intergeneration community use opportunities.

An appropriate site will need to be purchased to locate the centre on and currently no budget is allocated for the purchase of land for the site. The proposed funding for this purchase would be $2.5 million from short-term borrowing and $2.5 million from the GCF. Under Section 178 of the *Community Charter*, the City has the ability to obtain short-term borrowing for the purpose of a capital nature without electoral approval. A municipality can borrow up to a maximum of $50 per capita and this equates to $4,993,150 for the City of Nanaimo. This debt would count towards the City's Liability Servicing Limit and would be repaid over five (5) years with funding coming from taxation.

Westwood Lake Park Amenity, Access and Beach Improvements – Phase 2 $1,180,000

Project	Current Budget	Proposed Budget	Additional Funding Required	Level of Confidence
Westwood Lake Park Improvements – Phase 2				
Amenity Building	$ 1,701,691	$ 1,901,691	$ 200,000	Moderate
Beach Improvements	$ 708,839	$ 1,608,839	$ 900,000	Moderate
Old Washroom Repurposed	$ -	$ 150,000	$ 150,000	Moderate

Council has identified improving amenities at Westwood Lake Park as an immediate priority (0-4 years) in the corporate Integrated Action Plan. Westwood Lake Park is a highly used park with a diverse user base. Providing public access to waterfront areas and amenities that meet evolving community needs are clear goals of City Plan.

An engagement process and phased design concept to improve park access at Westwood Road, First beach and park amenities began in 2021. Phase 1 of the improvements was completed in 2022 and focused on the main parking lot, universal access, stormwater capture, and conflict reduction between users.

Detailed designs for Phase 2 are underway and include a new inclusive amenity building, expansion of beach area, shade options, and universal water access. No formal cost estimate has been delivered however the design team anticipates additional funding will be needed.

The anticipated additional budget needed is $1,250,000. Funding from Parks DCC will be $70,000 leaving $1,180,000 to be funded from the Growing Communities Fund.

Nanaimo Aquatics Centre Water Feature $ 1,852,700

Project	Current Budget	Proposed Budget	Additional Funding Required	Level of Confidence
Nanaimo Aquatics Centre Water Feature				
Replacement	$ 500,000	$ 2,352,700	$ 1,852,700	Moderate

The Nanaimo Aquatic Centre (NAC) is home to one of the largest wave pools in western Canada and is one of the Island's busiest 50-metre Olympic-length swimming pools. It houses three water slides, a fun, interactive fishing boat water feature with a slide and a climbing net, a large hot tub, sauna & steam room, a lazy river, and a 1 & 3 metre diving board.

The interactive fishing boat water feature has been removed as it was at end of life and needed to be replaced. Council has identified this project as an immediate priority (0-4 years) in the Integrated Action Plan to support access for all. Design work has been completed for enhanced and inclusive water feature upgrades and an amount has been included in the budget for replacement. However, the current budget is insufficient to fund the replacement.

Loudon Park Improvements (Activity Centre and Boathouse) **$3,000,000**

Project	Current Budget	Proposed Budget	Additional Funding Required	Level of Confidence
Loudon Park Improvements				
All Improvements	$ 4,915,660	$ 7,915,660	$ 3,000,000	Moderate

Loudon Park and Walkway is a popular spot year round for swimming, various paddling sports, walking, and fishing. The park is the home base for the Nanaimo Canoe & Kayak Club as well as Nanaimo Rowing Club

The revitalization of Loudon Park project includes a new playground, re-naturalization and improved accessibility. In partnership with Rotary Club of Nanaimo North and Long Lake Flatwater Training Centre Society, a new paddling & rowing centre, including public washrooms, will be constructed to replace the current aging facility.

The new facility will accommodate the needs of many user groups and provide amenities to the public. Public engagement for this project is complete and the identified improvements meet evolving community needs. The additional funding identified is based on cost estimates for the current design layout. This project is also identified as an immediate priority (0-4 years) in the Integrated Action Plan for Nanaimo City Plan.

E & N Trailway Lighting **$1,000,000**

Project	Current Budget	Proposed Budget	Additional Funding Required	Level of Confidence
E & N Trailway Lighting				
All Improvements	$ -	$ 1,000,000	$ 1,000,000	Low

Lighting of the E&N Trail between Bowen Road and Northfield would support increased active transportation for commuting. Particularly in the early morning and evening hours as this is a dark stretch of provincial highway. The project has previously been submitted for grant funding but has so far been unsuccessful.

Other **$ 2,000,000**

Given the current economic climate the City is in, it may be advisable to leave some unallocated funds in the GCF Reserve Fund to help fund project cost overruns that may arise.

FINANCIAL CONSIDERATIONS

Allocating the GCF funding to the recommended projects will allow them to proceed in a timely manner. Council may also choose to allocate the funds to any of the identified project brought forward by staff or bring forward other priorities/suggestions.

Once Council provides direction on how to allocate the GCF, the 2024-2028 Provisional Financial Plan will be updated to include the changes.

Other Funding Considerations:

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.

OPTIONS

1. That the Finance and Audit Committee recommend that Council Growing Communities Fund monies to:

    a. Design Commercial Project $3,985,000
    b. Maffeo Sutton Park Washrooms $3,000,000
    c. Land Purchase – South End Community Centre $2,500,000
    d. Westwood Lake Park Improvements - Phase 2 $1,180,000

    - The advantages of this option: Funding will allow the identified projects to proceed.
    - The disadvantages of this option: No funding will be available for other projects or initiatives that Council may wish to support.
    - Financial Implications: Funding has been received and is accruing interest in the new Growing Communities Fund Reserve Fund. The 2024-2028 Provisional Financial Plan will be updated to include these changes.

2. That the Finance 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
- To date, a total of $5,100,000 of funding has been allocated between the Harewood Artificial Turf Field and Midtown Water Supply Upgrade projects.
- The remaining balance of $10,988,000 is available to be allocated to other projects and initiatives.

ATTACHMENTS:

Attachment A: Growing Communities Fund Questions and Answers for Municipalities

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ATTACHMENT A

GROWING COMMUNITIES FUND (GCF) Frequently Asked Questions (FAQ's) - Municipalities	
Program Description	
Question	**Answer**
What is the purpose of the Growing Communities Fund for local governments?	The GCF will provide a one-time grant to all 188 of B.C.'s municipalities and regional districts, which they can use to address their community's unique infrastructure and amenity demands.
What is the formula-based model used to allocate funding?	For all municipalities, allocations are the sum of: • A flat amount of $500,000; • A pro-rated funding amount based on an "adjusted population" basis; • A growth-based funding amount determined by total population increase between 2016-2021. See more detail in the Appendix.
What is the "adjusted population" method?	The **adjusted population method** ensures that smaller municipalities get a higher per capita share of funding despite larger municipalities receiving more funding in absolute dollars. This method groups municipalities by size categories (from "Very Small" - less than 2,000 people to "Very Large" - over 150,000). As a municipality's population increases it is incrementally adjusted downward by an "adjustment factor"

What is the source of the population data?	The source of the population data is from the BC population estimates (as of January 27, 2023). BC Stats population estimates are based on the Census, they also incorporate other information including provincial health records and tax records from CRA, and accordingly they have historically, on average, been higher than the Census baseline. Because of these reasons the federal and provincial governments have viewed population estimates as the more accurate of the two (e.g., population estimates are used to determine provincial health transfers from the federal government).
Use of Funds	
Question	**Answer**
What are the eligible use of funds?	Eligible infrastructure projects are as follows: • Public drinking water supply, treatment facilities and water distribution: • Development finance portions of infrastructure costs that support affordable/attainable housing. These may include DCCs or subdivision servicing charges payable or similar costs. • Childcare facilities; • Municipal or regional capital projects that service, directly or indirectly, neighbouring First Nation communities, • Wastewater conveyance and treatment facilities; • Storm water management; • Solid waste management infrastructure; • Public safety/emergency management equipment and facilities not funded by senior level government; • Local road improvements and upgrades; • Sidewalks, curbing and lighting;

	• Active transportation amenities not funded by senior level government; • Improvements that facilitate transit service; • Natural hazard mitigation; • Park additions/maintenance/upgrades including washrooms/meeting space and other amenities; and • Recreation related amenities.
Can the funds be used for costs other than capital?	Yes. Other eligible one-off costs include: costs of feasibility studies (including infrastructure capacity assessment); other early-stage development work (including climate resilience assessments); costs of designing, tendering, and acquiring land (where it is wholly required for eligible infrastructure projects); constructing eligible infrastructure projects; and in limited situations, non-capital administrative costs where these are necessary, for example adding staff capacity related to development or to establish complementary financing for local government owned infrastructure or amenities
Are expenditures on natural assets eligible?	Yes, provided the natural asset is providing, or part of providing, one of the services described in the eligible categories above.
Will receipt of the GCF affect our eligibility for other infrastructure grant programs?	No. The GCF will not affect decisions on eligibility for infrastructure grant funding. For local governments with approved projects the GCF funding cannot be used as their match as an incremental spend is required. The GCF could be used to offset cost overruns that exceed the grant amount and the local share.
Can local governments provide contributions to third parties from GCF?	No, with the exceptions of: • municipal contributions to housing projects and infrastructure owned by a regional district when the municipality is a participant in that service. • First Nations infrastructure when it is a shared service or there is a service relationship.
Can municipalities use these funds to support a regional response to an issue (i.e. municipal funds paid directly to a regional district)	Yes. While a municipality is generally not permitted to use GCF funding for any capital projects that they will not own, a municipality

	may contribute from its GCF reserves to a regional service if that municipality is a participant and the funding is dedicated for capital or planning purposes.
Can we claim staff time on projects?	Permitted in limited situations. Specifically for non-capital administrative costs where these are necessary, for example adding staff capacity related to development or to establish complementary financing for local government owned infrastructure or amenities
Can a local government use GCF funding for multi-year project that has already started?	Yes. The GCF can be used for any capital project that has not yet been completed. Projects completed prior to March 1st, 2023 are not eligible for GCF funding. GCF is designed to enable incremental additional expenditures for local governments and not to replace existing capital commitments.
Can a municipality use GCF for a contribution to a regional project that they will not own?	Yes. While a municipality is generally not permitted to use GCF funding for any capital projects that they will not own, a municipality may contribute from its GCF reserves to a regional service if that municipality is a participant and the funding is dedicated for capital or planning purposes.
Can GCF be used for related planning projects?	Yes. Feasibility studies (including infrastructure capacity assessment); other early-stage development work are eligible costs. This includes conducting a climate lens assessment to determine GHG implications and resilience to future climate.
What happens if funds are ineligibly allocated, if reporting requirements are not met or if funds remain unspent after five years?	The ministry may reclaim any grant funds that are not used for the intended purposes or meet the accountability requirements of the Growing Communities Fund. However, the ministry will work with the local government to determine methods of expending it within eligible categories.
Can the funds be invested while being held in reserve?	The funds may be invested in any of the instruments permissible for local governments under section 183 of the *Community Charter*.

How will these grants impact DCCs and other development finance charges?	The intent of the Growing Communities Fund grant is to support the delivery of projects that are incremental to currently planned infrastructure. As such, the projects may not have been included in the current DCC program. However, if the DCC program contains a project to which GCF funds will be allocated, the DCC bylaw must be amended so that the charges take the grant into account. Similar treatment should be used to adjust other development finance charges.
Timing	
Question	**Answer**
When will the grants be disbursed?	The grants will be directly transferred to local governments by March 31, 2023.
What is the timeline over which these grant funds must be expended?	The Provincial Government requests that the funds will be expended within approximately five years of receipt.
Reporting	
Question	**Answer**
What are the GCF reporting requirements for municipalities?	The municipality must annually report on: • The amounts and uses of money expended from the GCF reserve fund over the calendar year, and • The balance of the reserve fund at the end of the calendar year. Municipalities must provide a separate report (schedule) to their annual audited financial statements. (as required under S.167 of the *Community Charter*) until the GCF funding is fully expended (drawn down to zero). Further to the financial reporting, an annual report that identifies work related to Housing Needs Reports and pre-zoning requirements as applicable, is required. The province also encourages highlighting projects that align with provincial priorities such as CleanBC and childcare; as well as those that align with the province's Environmental, Social and Governance

	framework for capital projects. The Province also encourages conducting a preliminary climate lens assessment on Growing Communities Fund investments (GHGs and resilience to future climate) similar to the ones used for the CleanBC Communities Fund. Templates for reporting will be posted on line at a later date
Will the schedule to the annual audited financial statements be left to the discretion of the municipality? Does the Ministry have authority to request additional information?	Yes, and yes. The form of the schedule to the annual audited financial statements will be left to the discretion of the municipality. The Ministry retains the right to request additional information from municipalities as required.
Is a separate auditors' report required for this schedule?	No. The Province does not require a separate auditor's report.
Am I required to acknowledge the provincial financial contribution towards funded projects?	Yes. Fund requirements will include parameters for public recognition of the funding related to capital projects.
Reserve Funds	
Question	**Answer**
Do municipalities need to segregate GCF funding from other funding sources?	Yes. The municipality must place its GCF grant in a separate dedicated reserve fund for capital and planning purposes (established under S.188 of the *Community Charter*). This fund must be separate from other existing reserve funds. That said, the municipality may transfer other money into the GCF reserve fund but may not transfer money from this fund to other reserve funds or into general surplus.
Does interest earned on the GCF need to be tracked and added to the GCF amounts once the funds are allocated to reserve?	Yes. Interest earned in 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. This is in accordance with S. 189(1) of the *Community Charter*.

Appendix: Detailed Calculation of Grants

Example Calculation for a Municipality with 15,000 People

Population Range	From	To	Adjustment Factor
1. Very Small	0	2,000	100%
2. Small	2,001	5,000	80%
3. Small-Med	5,001	10,000	60%
4. Medium	10,001	20,000	40%
5. Large-Med	20,001	40,000	20%
6. Large	40,001	150,000	10%
7. Very Large	150,001	900,000	5%

To illustrate, for a city of 15,000 people, the adjusted population is:

- For this first 2,000 residents, adjustment of 100% = 2,000 x 100% = 2,000
- For the next 3,000 (up to 5,000), adjustment of 80% = 3,000 x 80% = 2,400
- For the next 5,000 (up to 10,000), adjustment of 60% = 5,000 x 60% = 3,000
- For the last 5,000 (up to 15,000), adjustment of 40% = 5,000 x 40% = 2,000

Thus, the city of 15,000 people has an adjusted population of 9,400 (=2,000 + 2,400 + 3,000 + 2,000).

If the city grew by 4,500 people between 2016-2021, the total grant amount is calculated as follows:

Component	Calculation	Result
Flat Funding	$500,000	$500,000
Adjusted Population	= 9,400 x $365	$3,431,000
Population Growth	= 4,500 x $1,000	$4,500,000
Total Grant		$8,431,000