

TO: CHAIR AND MEMBERS
FINANCIAL MANAGEMENT COMMITTEE

DATE: 2019 May 15

FROM: DIRECTOR FINANCE

FILE: 7300-20

SUBJECT: GAS TAX UPDATE

PURPOSE: To provide an update on the Federal Gas Tax Program and recent federal budget announcement for additional gas tax funding available to municipalities.

RECOMMENDATION:

1. **THAT** the Financial Management Committee recommend Council receive this report as information.

REPORT

1.0 INTRODUCTION

A new administrative agreement on the Federal Gas Tax Fund in British Columbia, or Gas Tax Agreement (GTA), took effect on 2014 April 1. This agreement was created due to the announcement of a renewed Gas Tax Fund (GTF) under the Government of Canada's 2013 Economic Action Plan. The agreement is between Canada, British Columbia and the Union of BC Municipalities (UBCM) and replaced the old 2005 – 2014 Agreement. The purpose of new agreement is to provide the administrative framework for the delivery of GTF to local governments and other recipients in British Columbia over a ten year period (2014 – 2024).

2.0 POLICY SECTION

Goal

- A Connected Community
 - Partnership –
Work collaboratively with businesses, educational institutions, associations, other communities and governments

- A Dynamic Community
 - City facilities and infrastructure –
Build and maintain infrastructure that meets the needs of our growing community
- A Thriving Organization
 - Financial viability –
Maintain a financially sustainable City for the provision, renewal and enhancement of City services, facilities and assets

3.0 BACKGROUND

The GTF provides a source of infrastructure funding to all municipalities across the country. The funding that is available to local governments and other recipients within British Columbia is administered by the UBCM. The UBCM is responsible for providing a funding allocation schedule to eligible recipients every five years.

3.1 Purpose of the Gas Tax Fund (GTF)

The purpose of this fund is to provide a predictable and sustainable funding source to local governments in British Columbia for projects related to infrastructure and capacity building. In addition, through the GTF, the agreement hopes to support national objectives, which include productivity & economic growth, a clean environment, and strong cities & communities.

3.2 Program Streams

In British Columbia, the GTF is delivered through three programs:

a) *Community Works Fund (CWF)*

This program is available to all local governments and the funding is based on per capita formula and delivered bi-annually to the local government directly. Local governments have the ability to elect which eligible projects to fund.

The City of Burnaby receives gas tax funding through this program. Attachment 1 provides a summary of the Gas Tax funding received to date, the expenditures made for each year of this agreement to 2018 December 31 and projected funding and expenditures for 2019.

All Gas Tax funding received by the City is set aside in a Gas Tax Reserve to ensure its use as specified by the agreement. Council reviews and approves all project initiatives funded by the Gas Tax Reserve annually through the budget process.

b) *Strategic Priorities Fund (SPF)*

This program is available to all local governments outside the Greater Vancouver Regional District. Funding is provided on an application based program and the purpose of this fund is to support infrastructure and capacity building projects that are large in scale, regional in impact or innovative, and align with the GTA’s national program objectives.

c) *Greater Vancouver Regional Fund (GVRF)*

Projects associated with the Greater Vancouver Regional Fund are proposed by TransLink which gets approved by the Greater Vancouver Regional District Board. The funding provided under this program is utilized for regional transportation investments within the Greater Vancouver Regional District and its member municipalities.

3.3 Annual Reporting of Projects to UBCM

As a requirement of the renewed agreement, eligible recipients of the Gas Tax funding are required to provide an annual report to UBCM, due June 1, which reports on all eligible expenditures funded by the GTF for the previous calendar year.

As per the agreement, it is expected that Burnaby will receive a grant of \$751,611 in 2019. Gas Tax funding for 2019 is allocated to the Trans Canada Urban Trail Paving capital project.

4.0 ADDITIONAL FUNDING FOR THE CITY OF BURNABY

At the 2019 Federal Budget announcement, tabled on 2019 March 19, the Government of Canada announced an additional one-time gas tax funding transfer which will result in an additional \$2.2 billion (\$278.6 million for British Columbia) to support local government infrastructure and capacity building priorities. Based on the UBCM’s recent update on the additional funding and the 2019-2024 CWF allocation schedule, British Columbia will be receiving approximately \$109 million in additional funding allocated specifically to the CWF, of which the City of Burnaby will be receiving an amount of \$756,065. This additional funding will be on top of the scheduled \$751,611 payment for Year 6 (2019/2020) as shown in the 2019-2024 funding allocation table below. This additional funding will be applied to the Central Park Perimeter Urban Trail capital project, which was originally to be funded from the City’s reserve funds in the 2019 Capital Program.

To: Financial Management Committee
 From: Director Finance
 Re: Gas Tax Update
 2019 May 21 Page 4

As a result, the City of Burnaby is projected to receive \$1,507,676 in 2019 and a total of \$4.7 million (inclusive of the one-time bonus payment) over the course of the next five years.

Federal Gas Tax Allocations to City of Burnaby (Projected) from 2019 – 2024

**Union of B.C. Municipalities
 Federal Gas Tax Agreement - Community Works Fund Allocations
 Year 6 - Year 10**

Recipient Name	Bonus Payment 2019/2020	Year 6 2019/2020	Projected Year 7 2020/2021	Projected Year 8 2021/2022	Projected Year 9 2022/2023	Projected Year 10 2023/2024	Total
Burnaby	\$ 756,065	\$ 751,611	\$ 751,611	\$ 785,999	\$ 785,999	\$ 820,601	\$ 4,651,886

5.0 RECOMMENDATION

It is recommended that the Financial Management Committee recommend Council receive this report as information.



Noreen Kassam, CPA, CGA
 DIRECTOR FINANCE

NK:RG:WK /ml

Copied to: City Manager
 Members of Management Committee

Attachment: 1 – Gas Tax Reserve Summary 2014 - 2019

Gas Tax Reserve Summary - As Reported to UBCM
YEAR 2014 - 2019

	2014	2015	2016	2017	2018	Total	2019
	Actual (\$)	Actual (\$)	Actual (\$)	Actual (\$)	Actual (\$)	Actual (\$)	Proposed (\$)
Additions:							
Beginning Balance:	\$ -	\$ 526,399	\$ 270,766	\$ 41,979	\$ 194,577	\$ -	\$ 428,851
Additions to the Fund							
Actual revenue	698,088	698,088	721,593	730,317	756,065	3,604,152	751,611
Investment income	3,310	10,198	6,233	1,944	2,441	24,125	2,500
Bonus Payment	-	-	-	-	-	-	756,065
Total Additions	\$ 701,399	\$ 708,286	\$ 727,826	\$ 732,261	\$ 758,506	\$ 3,628,277	\$ 1,510,176
Actual Eligible Project Expenditures:							
Local Roads Network Paving	(175,000)	-	(721,600)	-	-	(896,600)	-
Riverside Area Improvements	-	(687,000)	-	-	-	(687,000)	-
LED Streetlight Conversion	-	(200,000)	-	-	-	(200,000)	-
Lane Condition Analysis and Prioritization	-	-	(127,000)	-	-	(127,000)	-
Barnet Pedestrian Bridge Upgrade	-	(16,988)	(108,012)	-	-	(125,000)	-
Storm Water Monitoring and Modeling	-	(59,931)	-	-	-	(59,931)	-
Central Park Perimeter Urban Trail	-	-	-	(80,000)	-	(80,000)	(756,065)
Fibre Network Installation	-	-	-	(239,993)	(188,809)	(428,802)	(87,700)
Shadbolt Centre Exterior Walkway	-	-	-	-	(278,647)	(278,647)	(78,200)
Swangard Running Track Replacement	-	-	-	(259,669)	(56,777)	(316,446)	-
Trans Canada Urban Trail Paving	-	-	-	-	-	-	(751,611)
Total Actual Eligible Project Expenditures	\$ (175,000)	\$ (963,918)	\$ (956,612)	\$ (579,663)	\$ (524,233)	\$ (3,199,426)	\$ (1,673,576)
Ending balance	\$ 526,399	\$ 270,766	\$ 41,979	\$ 194,577	\$ 428,851	\$ 428,851	\$ 265,451