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REPORT TO ELECTORAL AREA SERVICES COMMITTEE MEETING OF WEDNESDAY, JULY 16, 2014

SUBJECT **RENEWED FEDERAL GAS TAX AGREEMENT 2014-2024**

ISSUE

To provide an update on the renewed Federal Gas Tax Agreement (GT Agreement), and the Community Works Fund Agreement (CWF Agreement) which falls under the GT Agreement.

BACKGROUND

On May 22, 2014, the Union of BC Municipalities (UBCM) released the renewed GT Agreement. In early June, the Capital Regional District (CRD) received for signature, subject to CRD Board resolution, the CRD-UBCM CWF Agreement.

Effective April 1, 2014 to March 31, 2024, GT Agreement features:

1. Funding of \$1.3 billion for BC delivered over the first 5 years through three funding streams: the CWF (allocated on a per capita basis), the Greater Vancouver Regional Fund (GVRF), and the Strategic Priorities Fund (SPF – distributed through an application process):

AREA OF BC	FUNDING BY PROGRAM (Millions)			TOTAL
	CWF	GVRF	SPF	
GVRD and its municipalities	\$ 34.3	\$652.4	N/A	\$ 686.7
All other Local Governments	\$485.0	N/A	\$145.2	\$ 630.2
TOTAL	\$519.3	\$652.4	\$145.2	\$1,316.9

2. Expansion of eligible project categories (see Schedule A: Eligible Project Categories);
3. Authority to spend CWF from the previous CWF Agreement according to the renewed CWF Agreement as of the GT Agreement effective date of April 1, 2014;
4. Broadened definition of eligible recipients, referred to as "Ultimate Recipients", to include non-municipal entities, including for-profit, non-governmental and not-for-profit organizations on the condition that the project is supported through a Council/Board resolution; however, in the CWF Agreement, "ultimate recipients" mean Local Government,
5. Broadened definition of "Infrastructure" to include municipal or regional, publicly or privately-owned tangible capital assets in BC primarily for public use or benefit; the same definition is included in the CWF Agreement.
6. Provisions to support local governments in building and strengthening Asset Management.

IMPLICATIONS

The CRD and its member municipalities will receive an estimated \$78.8 million in CWF over 2014-2019 (Schedule B – CWF Allocations: CRD Region); of this, the CRD will receive approximately \$5.43 million, a 20% increase over the former agreement. Given the higher proportion of gas tax funding delivered through CWF, the former Regionally Significant Projects (RSP) funding stream¹

¹ The former agreement included the RSP funding stream which was established for 8 regional districts including the CRD (referred to as "Tier 2") whereby their per capital allocation was distributed as follows: 50% CWF, 25% SPF, and 25% for RSP to be invested in regionally significant projects as determined by the regional districts.

through which the CRD received \$29.8 million for initiatives such as the E & N Rail Trail, the Regional Sustainability Strategy, and the Pedestrian and Cycling Master Plan, has now been eliminated. The CRD may be able to re-capture some of this funding by being successful with its application(s) to the SPF; proposal call details are anticipated later in 2014.

During the term of the former UBCM-CRD CWF Agreement, the CRD re-allocated its CWF to the Electoral Areas on a population basis given that municipalities receive their own share CWF. The funding was then assigned to Board-approved projects (see Schedule C – Community Works Funds by Electoral Area).

Given the increased flexibility of the Agreement as well as the new methodology (yet to be released) for determining whether gas tax investments meet the requirement of being “incremental spending”, it is timely for the CRD to review and update its gas tax administration procedure (see Schedule D). Additionally, the CRD may want to develop a strategy for optimizing its chances of success in securing SPF for regionally significant initiatives.

CONCLUSION

The renewed GT Agreement has now been established, under which the UBCM and CRD can now enter into the CWF Agreement. During the first five years of GT Agreement, BC will receive \$1.3 billion; of this, the CRD and its member municipalities will receive approximately \$78.8 million through the CWF. Additionally, the CRD will have the opportunity to apply for SPF resources through a forthcoming application process.

RECOMMENDATIONS

The Electoral Area Services Committee recommends that the Capital Regional District Board:


1. Resolve to enter into the 2014-2024 Community Works Fund Agreement (CWF Agreement) with the Union of BC Municipalities;
2. Allocate the funds received through the CWF Agreement to the Electoral Areas on a population basis using the most recent census data;
3. Direct CRD Staff to prepare, in collaboration with Electoral Area Directors, a framework for updating the CRD gas tax funding administration procedure; and that the procedure be recommended to the Board for approval at the October 8, 2014 Board meeting; and
4. Suspend review and approval of CWF grant requests pending adoption of the CRD gas tax funding administration procedure.



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Attachments

Schedule A – Eligible Project Categories
Schedule B – CWF Allocations by Year in the CRD Region
Schedule C – Community Works Funds by Electoral Area
Schedule D – Community Works Funds Administration Process
Schedule E – May 2013 EASC Meeting Minutes for Agenda Item 9