

To: Council in Committee of the Whole

From: Stephanie Sinnott, Commissioner,
Finance Services

Report Number: CNCL-21-36

Date of Report: April 21, 2021

Date of Meeting: April 26, 2021

Subject: Federal Gas Tax Funding - Additional 2021 Allocation

File: A-2120

1.0 Purpose

On March 25, 2021, the Federal Government announced new funding that would be made available to municipalities to address infrastructure priorities. The funds are flowing from the Federal Gas Tax Fund. The City of Oshawa will receive an additional allocation of Federal Gas Tax funding in the amount \$4.862 million during 2021.

The purpose of this report is to provide potential options for Council's consideration for utilizing the additional funding.

2.0 Recommendation

It is recommended to City Council:

That pursuant to report CNCL-21-36 concerning the Federal Gas Tax Funding – Additional 2021 Allocation, dated April 21, 2021, Council provide direction on how to utilize the funding.

3.0 Executive Summary

Not Applicable

4.0 Input From Other Sources

Corporate Leadership Team (C.L.T.)

Oshawa Public Library

Robert McLaughlin Gallery

5.0 Analysis

5.1 Background

The Federal Gas Tax fund provides permanent and stable federal funding for local infrastructure projects. Funds can be invested in the construction enhancement or renewal of local infrastructure used to improve long-term plans and asset management systems or banked, up to 5 years, to support future projects. Local governments decide how funds can be best directed to address specific priorities. Municipalities can spread investments of the fund over several project categories to boost productivity and economic growth, create a cleaner environment and build stronger communities.

5.2 Federal Gas Tax Eligibility Criteria

Municipal infrastructure projects may fall within 17 categories: local roads and bridges (including active transportation), short-sea shipping, short-line rail, regional and local airports, broadband connectivity, public transit, drinking water, wastewater, solid waste, community energy systems, brownfield redevelopment, sport, recreation, culture, tourism, disaster mitigation and capacity building.

Municipalities are required to demonstrate how investment in infrastructure projects is supporting progress towards achieving the national objectives of increased productivity and economic growth, cleaner environment, and stronger cities and communities.

5.3 2021 Funding Allocation

Annually the City receives Federal Gas Tax funding in accordance with the Municipal Funding Agreement between the Association of Municipalities of Ontario and the City of Oshawa. The regular annual funding received by the City in 2021 was \$5.057 million, which was allocated to eligible capital projects through the 2021 capital budget.

In March of 2021, the federal government announced an additional allocation to municipalities for the purpose of assisting in the delivery of infrastructure priorities. Under this additional allocation the City of Oshawa will receive \$4.862 million which will be payable in two installments (in May and November.)

5.4 Investing in Canada Infrastructure Program

The Investing in Canada Infrastructure Program (I.C.I.P.) is a federal program designed to create long-term economic growth, build inclusive, sustainable and resilient communities and support a low-carbon economy.

Under the intake for Community, Culture and Recreation stream projects were to support community infrastructure priorities across the province, improving access to and/or quality of community, cultural, and recreation priority infrastructure projects. The City applied for 3 projects under this program: Rotary Pool and Park, Splash Pad Redevelopment & Expansion Program and Oshawa Museum Expansion.

On August 11, 2020 the City was informed that our applications were not successful and would not be recommended to the Federal government for funding. The intake of this funding stream was highly competitive, and total demand reached upwards of \$10 billion against total available joint funding (federal-provincial-applicant) of nearly \$1 billion.

Following the unsuccessful applications staff were requested to continue looking for and monitoring grant programs for funding toward the Rotary Pool and Park Redevelopment project. To date no grant programs have been identified in which this project would meet the eligibility criteria.

5.5 Project Options

The following, including two that were submitted under the I.C.I.P. grant program, are identified as potential options that could be considered by Council for the additional allocation of Federal Gas Tax received in 2021.

5.5.1 Option 1: Rotary Pool and Park

In Report CS-19-120, Section 5.3.2 contained the recommended back-up option in the event the City was not successful in Investing in the Canada Infrastructure Program which was a new Pool and new bath house within existing footprint, including overdesign for future expansion to add a major splash pad of approximately \$3,536,000 (\$3,400,000 plus 4% escalation for inflation).

Also in Report CS-19-120, Section 5.3.1 contained the recommended option under Investing in Canada Infrastructure Program leisure concept pool, splash pad and playground. Adding a new major splash pad would add approximately \$710,582 (\$683,200 plus 4% escalation for inflation) to the project. A New Playground would add \$1,445,600 (\$1,390,000 plus 4% escalation for inflation).

The above options are subject to completion of due-diligence and site feasibility and do not include new trails, general landscape upgrades, parking lot upgrades or expansion, lighting, or remediation of any soil contamination. It is recommended that 25% contingency be carried for each option.

The estimated cost for demolition, decommissioning and soil stabilization of the existing pool and bathhouse is approximately \$425,000.

The cost of implementing all of the features identified above is estimated to be approximately \$7,115,227. Council could choose to implement all of the park upgrades with the balance of funding over and above the \$4.8 million in Federal Gas Tax to be determined. Alternatively, Council could choose to implement the park upgrades utilizing a phased approach.

The Rotary Park Redevelopment project is included in the Development Charge Background Study, for the splash pad and playground, in the amount of \$900,000.

5.5.2 Option 2: Splash Pad Development & Expansion Program

The redevelopment and expansion of the City of Oshawa's splash pad facilities at strategic park locations would provide for equitable recreational opportunities for residents as well as providing active cooling spaces to help mitigate the effects of climate change. The splash pad redevelopment and expansion program would also include improvements to adjacent park infrastructure that support the splash pad facilities.

A portion of the additional Federal Gas Tax allocation could be held in a reserve dedicated to this program with locations to be determined by Council at a later date.

5.5.3 Option 3: Reserve for the 2022 Capital Budget

Federal Gas Tax funds that are allocated to municipalities annually are required to be spent within 5 years. Therefore, Council could opt to hold the additional allocation of Federal Gas Tax in reserve to be allocated through the 2022 and future capital budgets.

5.5.4 Option 4: Requests from the Oshawa Public Library

Through correspondence FIN-21-41, the Oshawa Public Library is requesting a portion of the additional allocation of Federal Gas Tax for capital projects.

The two projects that have been identified in order of the Oshawa Public Library's priority for funding are as follows:

1. Northview Library Air Handling Unit for HVAC and Air Conditioner Chiller Replacement - estimated cost \$225,000
2. McLaughlin Library Window Replacement - estimated cost \$250,000

This project requires the replacement of 34 multi-pane windows with double glass panes including glazing for sun protection. Age and inefficiencies are adding to ongoing maintenance requirements.

At the Finance Committee meeting held on April 19, 2021, the correspondence received from the Oshawa Public Library, FIN-21-41, was referred to staff to be addressed through an update report on the Federal Gas Tax.

Additionally, at the February 16, 2021 Finance Committee meeting City staff were directed to discuss with Oshawa Public Library CEO and Chair of the OPL Board the potential of investigating the possibility of the City assisting in the capital program for the City owned buildings that are the McLaughlin and Northview Library Branches, which investigation will include a municipal scan of other municipalities and consultation with Library staff, and report back to the Finance Committee well in advance of when the Library Board needs to submit its 2022 budget submission to the City.

5.5.5 Option 5: Requests from the Robert McLaughlin Gallery

Through correspondence FIN-21-42, the Robert McLaughlin Gallery is requesting a portion of the additional allocation of Federal Gas Tax for capital projects.

1. Project Proposal: Greenspace Improvements - estimated cost ~\$250,000

What it will achieve: - Provide safer public space and improved mobility options - Fewer security related incidents behind the gallery - Leverage the power of arts and culture to serve the community's needs - Engage local residents and enhance public space - Provide a sustainable solution to outdoor programming.

What we will do: - Install permanent fencing to enable us to safely deliver programming more consistently in the park space behind the gallery.

All work will be completed in consultation with City of Oshawa Corporate Security, and align with campus C.P.T.E.D. objectives.

2. In consultation with Facilities Management Services, we would also request that \$200,000 be allocated to fast track identified general capital requirements.

At the Finance Committee meeting held on April 19, 2021, the correspondence received from the Robert McLaughlin Gallery, FIN-21-42, was referred to staff to be addressed through an update report on the Federal Gas Tax.

6.0 Financial Implications

Depending on the option(s) selected by Council for the allocation of the funding it may achieve the following financial benefits:

- Funding for projects that have been unsuccessful at obtaining grant funding and currently do not have an identified funding source through the City's budget to complete the projects.
- Assist in funding the City's 2022 capital program, potentially reducing reliance on the City's reserves and/or augmenting the capital program that can be delivered by the City in 2022 or in the future.
- Providing capital assistance to external agencies that are typically reliant on the City for funding, this may mitigate future budget requests to fund these projects.

The Federal Gas Tax reserve currently has an uncommitted balance of approximately \$1.0 million, the additional allocation will increase the uncommitted balance to approximately \$5.8 million.

7.0 Relationship to the Oshawa Strategic Plan

This report meets the Oshawa Strategic Plan goals of Economic Prosperity and Financial Stewardship and Accountable Leadership to the extent that it is consistent with sound financial management and provides for safe and reliable infrastructure.



Stephanie Sinnott, Commissioner,
Finance Services