**Agenda – Executive Policy Committee – February 18, 2025**

## REPORTS

### Item No. 5 Municipal Canada Community-Building Fund Agreement

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That the City enter into, execute and deliver a Canada Community-Building Fund Agreement with the Government of Manitoba, as represented by the Minister of Consumer Protection and Government Services ("CCBF Agreement"), and such other agreements as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements").

2. That authority be delegated to the Chief Financial Officer to finalize and approve the terms and conditions of the CCBF Agreement, the Ancillary Agreements, and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

3. That the purpose of the Canada Community-Building Fund Reserve be amended to include eligible project categories as listed in attached Appendix A.

4. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

# ADMINISTRATIVE REPORT

**Title:** Municipal Canada Community-Building Fund Agreement

**Critical Path:** Executive Policy Committee – Council

## AUTHORIZATION

| Author | Department Head | CFO | CAO |
|---|---|---|---|
| T. Graham | T. Graham | T. Graham | S. Armbruster, Interim CAO |

## EXECUTIVE SUMMARY

The Canada Community-Building Fund (CCBF and formerly known as the federal Gas Tax Fund) is federal funding designed to provide communities with stable and flexible funding for their infrastructure priorities across a wide rage of categories. It is provided up front, twice a year to provinces who, in turn, flow this funding to municipalities. Agreements are structured to be 10 years in length with a proportional distribution across provinces based on population reassessed every five years. The allocations are indexed at two percent per year and reflected in updated allocations every two years.

The previous agreements between Canada and the Province and also between the City and the Province expired on March 31, 2024. The Public Service is recommending that the City enter into a new 10-year agreement (the Agreement) ending March 31, 2034 with the Province. While the nature of the new Agreement remains the same as the previous agreement, as funding is federal, there are additional reporting requirements related to housing.

From the Province's letter dated September 5, 2024, the City's share of the CCBF allocation for the next five-year period is outlined in the table below:

| City of Winnipeg | Main Per-Capita Allocation | Transit Allocation |
|---|---|---|
| 2024 / 2025 | $41,684,373.00 | $6,788,867.00 |
| 2025 / 2026 | $43,421,222.00 | $7,071,737.00 |
| 2026 / 2027 | $43,421,222.00 | $7,071,737.00 |
| 2027 / 2028 | $45,158,071.00 | $7,354,606.00 |
| 2028 / 2029 | $45,158,071.00 | $7,354,606.00 |

Note: Future years allocations for the duration of the program to be provided at later date.

Amounts above have been incorporated into the 2025 Budget as a funding source that is summarized in Appendix B Capital Projects Funded by the Canada Community Building Fund

## RECOMMENDATIONS

1. That the City enter into, execute and deliver a Canada Community-Building Fund Agreement with the Government of Manitoba, as represented by the Minister of Consumer Protection and Government Services ("CCBF Agreement"), and such other agreements as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements").

2. That authority be delegated to the Chief Financial Officer to finalize and approve the terms and conditions of the CCBF Agreement, the Ancillary Agreements**,** and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

3. That the purpose of the Canada Community-Building Fund Reserve be amended to include eligible project categories as listed in attached Appendix A.

4. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

## REASON FOR THE REPORT

Council approval is required to receive funding from the Province, enter into the CCBF Agreement and modify the existing purpose of the Canada Community-Building Fund Reserve to include the new eligible project categories listed in attached Appendix A.

## IMPLICATIONS OF THE RECOMMENDATIONS

Once signed, the City will receive the funding related to the City's 2024 fiscal year of $48,473,240. As the new allocations were not known at the time of the 2024 to 2027 multi-year budget being adopted, the budget included general historical assumptions. Based on the confirmed amounts in the draft Agreement, the 2025 Budget has been updated with additional amounts allocated to eligible projects per Appendix A.

The City will be subject to new reporting requirements specific to housing, such as detailed housing needs and report on housing outcomes achieved. The Public Service will work collaboratively with the Province to develop the new reporting templates so that administrative efforts are minimalized, leveraging existing housing information where applicable.

## HISTORY/DISCUSSION

The original Canada-Manitoba agreement on the transfer of Federal Gas Tax revenue was made under the New Deal for Cities and Communities as of November 18, 2005. That original agreement term was April 1, 2005, to March 31, 2015. Canada's allocation to Manitoba for the initial five-year period was $167.25 million. The original Manitoba-Winnipeg agreement was subsequently made in April 2006 for the same term with initial five-year funding 2005/06 to 2009/10 (including Transit) of $101.33 million.
The original Canada-Manitoba agreement was also amended on June 9, 2009, to confirm that $264.63 million in gas tax funding will flow to Manitoba over the four-year period of 2010/11 to 2013/14. The original Manitoba-Winnipeg agreement was updated twice:

- One amendment on May 29, 2007, broadened project eligibility to include Winnipeg active transportation infrastructure (e.g. bike lanes), local roads, bridges and tunnels.
- One extension on July 20, 2010, to confirm funding to Winnipeg of $40.45 million each year for 2010/11 to 2013/14 for a total of $161.8 million over the four-year period.

The second Agreement covered the period April 1, 2014, to March 31, 2024. Funds received by Manitoba from Canada were distributed to municipalities in accordance with the following formula:

- 90.0 percent allocated to all municipalities on a per capita basis;
- 9.5 percent allocated to the transit communities of Winnipeg and Brandon on a per capita basis;
- 0.25 percent allocated for the application-based Small Communities Transportation Fund; and
- 0.25 percent allocated to Manitoba's administration expenses.

For fiscal years 2014/15 to 2018/19, the per capita allocation of funds was based on the City's population as reflected in the 2011 Census. For fiscal years 2019/20 to 2023/24, the per capita allocation of funds was based on the City's population as reflected in the 2016 Census.

On August 29, 2024, the Federal Government and the Province of Manitoba signed a third agreement with respect to the transfer of Canada Community Building Fund revenue to Manitoba.

The third federal-provincial Agreement will cover the period April 1, 2024, to March 31, 2034. Funds received by Manitoba from Canada will be distributed to municipalities in accordance with the following formula:

- 90.0 percent will be allocated to all municipalities on a per capita basis,
- 9.5 percent will be allocated to the transit communities of Winnipeg and Brandon on a per capita basis, and
- 0.5 percent will be allocated to Manitoba's administration expenses.

As in previous years, the Province and the City are now required to enter into their own funding Agreement under which the Province will provide CCBF funds to the City from 2024-2034. This new agreement replaces the previous 2014-2024 agreement between the Province and the City.

Under the new agreement between the City and Province, for fiscal years 2024/25 to 2028/29, the per capita allocation of funds is based on the City's population as reflected in the 2021 Census. For fiscal years 2029/30 to 2033/34, the per capita allocation of funds will be based on the City's population as reflected in the 2026 Census.

From the Province's letter dated September 5, 2024, the City's share of the CCBF allocation for the next five-year period is outlined in the table below:

| City of Winnipeg | Main Per-Capita Allocation | Transit Allocation |
|---|---|---|
| 2024 / 2025 | $41,684,373.00 | $6,788,867.00 |
| 2025 / 2026 | $43,421,222.00 | $7,071,737.00 |
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| 2027 / 2028 | $45,158,071.00 | $7,354,606.00 |
| 2028 / 2029 | $45,158,071.00 | $7,354,606.00 |

Note: Future years allocations for the duration of the program to be provided at later date.

The Province will endeavor to provide the City's share of funds in two semi-annual payments; the first payment by September 30 of the Fiscal Year and the second payment by March 31 of the Fiscal Year.

This new agreement provides incremental funding as follows:

**Incremental Funding From New Agreement:**

| | New Agreement | Previous Agreement | Increase |
|---|---|---|---|
| 2024 / 2025 | 48,473.240 | 48,432,000 | 41,240 |
| 2025 / 2026 | 50,492,959 | 48,432,000 | 2,060,959 |
| 2026 / 2027 | 50,492,959 | 48,432,000 | 2,060,959 |
| 2027 / 2028 | 52,512,677 | 48,432,000 | 4,080,677 |
| 2028 / 2029 | 52,512,677 | 48,432,000 | 4,080,677 |

Historical amounts received by the City are in the table below.

| City of Winnipeg | | | | | |
|---|---|---|---|---|---|
| **CCBF Grants Received By year** | | | | | |
| | | | | | |
| **Year** | **Main** | **Transit** | | **Top up** | **Total** |
| 2005 | $ 11,655,061 | | | | $ 11,655,061 |
| 2006 | $ 11,652,690 | | | | $ 11,652,690 |
| 2007 | $ 13,983,229 | $ 2,443,420 | | | $ 16,426,649 |
| 2008 | $ 17,479,036 | $ 3,054,276 | | | $ 20,533,312 |
| 2009 | $ 34,958,071 | $ 6,108,550 | | | $ 41,066,621 |
| 2010 | $ 17,286,586 | $ 2,939,550 | | | $ 20,226,136 |
| 2011 | $ 34,573,172 | $ 5,879,100 | * | $ 20,226,136 | $ 60,678,409 |
| 2012 | $ 34,593,172 | $ 5,879,100 | | | $ 40,472,272 |
| 2013 | $ 34,573,172 | $ 5,879,100 | | | $ 40,452,272 |
| 2014 | $ 34,137,100 | $ 5,816,036 | | | $ 39,953,136 |
| 2015 | $ 34,132,780 | $ 5,816,036 | | | $ 39,948,815 |
| 2016 | $ 35,839,418 | $ 6,106,838 | | | $ 41,946,256 |
| 2017 | $ 36,274,789 | $ 6,181,022 | | | $ 42,455,812 |
| 2018 | $ 37,546,058 | $ 6,397,639 | | | $ 43,943,697 |
| 2019 | $ 37,953,842 | $ 6,442,215 | | $ 44,094,206 | $ 88,490,263 |
| 2020 | $ 37,953,842 | $ 6,442,215 | | | $ 44,396,057 |
| 2021 | $ 39,679,017 | $ 6,735,043 | | $ 44,396,057 | $ 90,810,117 |
| 2022 | $ 39,679,018 | $ 6,735,044 | | | $ 46,414,062 |
| 2023 | $ 41,404,192 | $ 7,027,872 | | | $ 48,432,064 |
| 2024 | $ 41,684,373 | $ 6,788,867 | ** | | $ 48,473,240 |
| 2025 | $ 43,421,222 | $ 7,071,737 | ** | | $ 50,492,959 |
| 2026 | $ 43,421,222 | $ 7,071,737 | ** | | $ 50,492,959 |
| 2027 | $ 45,158,071 | $ 7,354,606 | ** | | $ 52,512,677 |
| 2028 | $ 45,158,071 | $ 7,354,606 | ** | | $ 52,512,677 |
| | | | | | |
| * | 2011 top-up is actually the second 2010 installment received in 2011 | | | | |
| ** | Proposed based on draft CCBF Agreement | | | | |

Reporting requirements under this agreement include but not limited to:

- Audited financial statements
- Annual expenditure report
- Planned eligible projects and eligible projects in progress
- Benefits of CCBF
- Housing needs assessment
- Eligible project level reporting on housing outcomes

## FINANCIAL IMPACT

**Financial Impact Statement** **Date:** February 7, 2025

**Project Name:** **First Year of Program** **2025**

Municipal Canada Community-Building Fund Agreement

| (in thousands) | 2025 | 2026 | 2027 | 2028 | 2029 |
|---|---|---|---|---|---|
| **Capital** | | | | | |
| Capital Expenditures Required | $ 50,492,959 | $ 50,492,959 | $ 52,512,677 | $ 52,512,677 | $ - |
| Less: Existing Budgeted Costs | 50,492,959 | 50,492,959 | 52,512,677 | 52,512,677 | - |
| Additional Capital Budget Required | $ - | $ - | $ - | $ - | $ - |
| **Funding Sources:** | | | | | |
| Debt - Internal | $ - | | $ - | $ - | $ - |
| Debt - External | - | - | - | - | - |
| Grants | - | | - | - | - |
| Canada Community Building Fund | 50,492,959 | 50,492,959 | 52,512,677 | 52,512,677 | - |
| Total Funding | $ 50,492,959 | $ 50,492,959 | $ 52,512,677 | $ 52,512,677 | $ - |
| Total Additional Capital Budget Required | $ - | | | | |
| Total Additional Debt Required | $ - | | | | |
| **Current Expenditures/Revenues** | | | | | |
| Direct Costs | $ - | $ - | $ - | $ - | $ - |
| Less: Incremental Revenue/Recovery | - | - | - | - | - |
| Net Cost/(Benefit) | $ - | $ - | $ - | $ - | $ - |
| Less: Existing Budget Amounts | - | - | - | - | - |
| Net Budget Adjustment Required | $ - | $ - | $ - | $ - | $ - |

**Additional Comments:**

The Canada Community Building Fund (CCBF) under the terms of this agreement has been included in the City's Capital Budget and Capital Forecast for eligible projects. The agreement is for 10 (ten) years effective April 1, 2024 to March 31, 2034. Future years allocations to be determined at a later date.

*Randy Bernard*

Randy Bernard, CPA, CMA
Manager of Finance & Administration (Campus)
Corporate Finance Department

## CONSULTATION

This Report has been prepared in consultation with:

- Legal Services

## OURWINNIPEG POLICY ALIGNMENT

CCBF funding categories cross multiple priorities and multiple departments and will support approximately 46 projects in the next six years. Refer to Appendix B, which lists the anticipated projects. The 2025 Budget, as well as the 2024 to 2027 Multiyear Budget, provides background on each project against City priorities.

## WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

CCBF funding categories cross multiple priorities and multiple departments and will support approximately 46 projects in the next six years. Refer to Appendix B, which lists the anticipated projects. The 2025 Budget, as well as the 2024 to 2027 Multiyear Budget, provides background on each project against City priorities.

## WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

CCBF funding categories cross multiple priorities and multiple departments and will support approximately 46 projects in the next six years. Refer to Appendix B, which lists the anticipated projects. The 2025 Budget, as well as the 2024 to 2027 Multiyear Budget, provides background on each project against City priorities.

## SUBMITTED BY

Department: Corporate Finance
Division: Corporate Finance
Prepared by: Tracy Graham, CFO
Date: February 5, 2025

Attachments:

**Appendix A – Eligible Project Categories and Eligible and Ineligible Expenditures – Source: Draft Municipal Agreement Under the Canada Community-Building Fund**

**Appendix B –Capital Projects Funded by the Canada Community-Building Fund**

# APPENDIX A

(source: Draft Municipal Agreement Under the Canada Community-Building Fund)

SCHEDULE A – ELIGIBLE PROJECT CATEGORIES

Eligible Project Categories

Eligible Projects include investments in municipal or regional, publicly or privately-owned tangible capital assets in Manitoba primarily for public use or benefit for its construction, renewal or material enhancement in each of the following categories (as defined in the current program terms and conditions):

1. Local roads and bridges – roads, bridges, tunnels and active transportation infrastructure

2. Highways – highway infrastructure

3. Short-sea shipping – infrastructure related to the movement of cargo and passengers around the coast and on inland waterways, without directly crossing an ocean

4. Short-line rail – railway related infrastructure for carriage of passengers or freight

5. Regional and local airports – airport-related infrastructure (excludes the National Airport System)

6. Broadband connectivity – infrastructure that provides internet access to residents, businesses, or institutions or a combination thereof in Canadian communities

7. Public transit – infrastructure which supports a shared passenger transport system which is available for public use

8. Drinking water – infrastructure that supports drinking water conservation, collection, treatment and distribution systems

9. Wastewater – infrastructure that supports wastewater and storm water collection, treatment and management systems

10. Solid waste – infrastructure that supports solid waste management systems including the collection, diversion and disposal of recyclables, compostable materials and garbage

11. Community energy systems – infrastructure that generates or increases the efficient usage of energy

12. Brownfield Redevelopment - remediation or decontamination and redevelopment of a brownfield site within municipal boundaries, where the redevelopment includes one or both of:
    - the construction of public infrastructure as identified in the context of any other category under the Canada Community-Building Fund;
    - the construction of municipal use public parks and Affordable Housing.

13. Sport Infrastructure – amateur sport infrastructure (excludes facilities, including arenas,

which would be used as the home of professional sports teams)

14. Recreational Infrastructure – recreational facilities or networks

15. Cultural Infrastructure – infrastructure that supports arts, humanities, and heritage

16. Tourism Infrastructure – infrastructure that attract travelers for recreation, leisure, business or other purposes

17. Resilience – built and natural infrastructure assets and systems that protect and strengthen the resilience of communities and withstand and sustain service in the face of climate change, natural disasters and extreme weather events.

18. Capacity building - includes investments related to strengthening the ability of municipalities to develop long-term planning practices including: capital investment plans, integrated community sustainability plans, integrated regional plans, Housing Needs Assessments, or Asset Management plans, or a combination thereof, related to strengthening the ability of recipients to develop long-term planning practices.

19. Fire Halls – fire halls and fire station infrastructure.

Note: Investments in health infrastructure (hospitals, convalescent and senior centres) are not eligible.

## SCHEDULE B – ELIGIBLE AND INELIGIBLE EXPENDITURES

1. Eligible Expenditures

1.1 Eligible Expenditures will be limited to the following:

(a) the expenditures associated with acquiring, planning, designing, constructing or renovating a tangible capital asset and any related debt financing charges specifically identified with that asset;

(b) the expenditures associated with completing maintenance on tangible capital assets so as to ensure that these assets achieve the full length of the planned asset life;

(c) for capacity building category only, the expenditures related to strengthening the ability to improve local and regional planning including capital investment plans, integrated community sustainability plans, integrated regional plans, Housing Needs Assessments, and/or Asset Management plans or a combination thereof. The expenditures could include developing and implementing:

(i) studies, strategies, or systems related to Asset Management, which may include software acquisition and implementation;

(i) studies, strategies, or systems related to housing or land use, including Housing Needs Assessments; and

(ii) training directly related to Asset Management planning.

(d) the expenditures directly associated with joint federal communication activities and with federal project signage.

1.2 Employee and Equipment Costs: The incremental costs of the Municipality's employees or leasing of equipment may be included as Eligible Expenditures under the following conditions:

(a) the Municipality is able to demonstrate that it is not economically feasible to tender a Contract;

(b) the employee or equipment is engaged directly in respect of the work that would have been the subject of the Contract; and,

(c) the arrangement is approved in advance and in writing by Manitoba.

2. Ineligible Expenditures

2.1 The following are deemed Ineligible Expenditures:

(a) project expenditures incurred before April 1, 2005;

(b) project expenditures incurred before April 1, 2014 for the following investment categories:

(i) highways;

(ii) regional and local airports;

(iii) short-line rail;

(iv) short-sea shipping;

(v) disaster mitigation;

(vi) broadband connectivity;

(vii) brownfield redevelopment;

(viii) cultural infrastructure;

(ix) tourism infrastructure;

(x) sport infrastructure; and

(xi) recreational infrastructure.

(c) project expenditures incurred before April 1, 2021 for the following investment category:

(i) fire halls

(d) the cost of leasing of equipment by the Municipality, any overhead costs, including salaries and other employment benefits of any employees of the Municipality, its direct or indirect operating or administrative costs of the Municipality, and more specifically its costs related to planning, engineering, architecture, supervision, management and other activities normally carried out by its staff, except in accordance with Eligible Expenditures above;

(e) taxes for which the Municipality is eligible for a tax rebate and all other costs eligible for rebates;

(f) purchase of land or any interest therein, and related costs;

(g) legal fees;

(h) routine repair or preventative maintenance costs not designed to ensure that an asset reaches its planned life; and

(i) costs associated with healthcare infrastructure or assets.