

Staff Report



Financial Services Department

www.kitchener.ca

REPORT TO: Committee of the Whole

DATE OF MEETING: June 24, 2024

SUBMITTED BY: Katie Fischer, Director of Financial Reporting & ERP Solutions, 519-741-2200 ext. 4630

PREPARED BY: Katie Fischer, Director of Financial Reporting & ERP Solutions, 519-741-2200 ext. 4630

WARD(S) INVOLVED: All Wards

DATE OF REPORT: June 19, 2024

REPORT NO.: FIN-2024-302

SUBJECT: Canada Community-Building Fund Municipal Funding Agreement

RECOMMENDATION:

That the Mayor and Clerk be authorized to execute the Municipal Funding Agreement for the transfer of Canada Community-Building Funds, as outlined in report FIN-2024-302; said agreement to be to the satisfaction of the City Solicitor; and further,

That the City Treasurer be delegated the authority to administer the provisions of the Municipal Funding Agreement.

REPORT HIGHLIGHTS:

- The purpose of this report is to authorize the execution of the Municipal Funding Agreement for the Canada Community-Building Funds (CCBF, formerly the Gas Tax Fund).
- The key finding of this report is the agreement must be signed to continue to receive funding. Changes to the agreement are not anticipated to have significant impacts to the City's administration of the funds.
- The financial implications are that the City will receive approximately \$8M annually in CCBF funding following execution of the agreement. These funds have already been factored into the City's Capital Budget forecast.
- This report supports the delivery of core services.

BACKGROUND:

The Canada Community-Building Fund (CCBF, or "the Fund") was formerly called the Gas Tax Fund. As of June 2021, the Government of Canada renamed the Fund to better reflect the program's evolution over time. The Fund is the only permanent, stable and predictable source of funding for municipal infrastructure. The City of Kitchener has been a recipient of the Fund since its inception in 2005 and has received \$124.8M through the Fund since its inception.

*** This information is available in accessible formats upon request. ***
Please call 519-741-2345 or TTY 1-866-969-9994 for assistance.

The Governments of Canada, Ontario, the Association of Municipalities of Ontario (AMO) and Toronto have renewed their Administrative Agreement for the transfer of federal CCBF funds, which took effect on April 1, 2024. In order to continue to receive CCBF funding, the City of Kitchener must enter into a new agreement with AMO.

REPORT:

The Government of Canada has committed that the CCBF will continue to provide predictable funding, without a need for application, to be invested into priority infrastructure projects.

As part of the Government's commitment to making housing more affordable, under the CCBF's renewed agreement, single- and lower-tier municipalities with a population of 30,000 or more must complete a Housing Needs Assessment (HNA) by March 2025. Municipalities receiving CCBF funding are expected to utilize the HNA to prioritize projects that support the growth of the housing supply. The annual reporting will now require information on the impact that CCBF has on housing pressures tied to infrastructure gaps, the housing supply, and housing affordability. Each project that the City funds will be required to report "housing outcomes" which includes the number of housing units and/or affordable housing units enabled, supported, or preserved.

The City of Kitchener has completed a HNA in 2020¹ and is in progress of updating it. Further details on the HNA and housing reporting requirements, as they pertain to the CCBF, are anticipated to be provided by the Government of Canada and AMO in the coming months. Staff will continue to review as details become available.

Municipalities can invest CCBF funding in 18 eligible infrastructure categories. The eligible categories are as follows:

- Broadband connectivity
- Brownfield redevelopment
- Capacity-building
- Community energy systems
- Cultural infrastructure
- Drinking water
- Fire halls
- Local roads and bridges
- Public transit
- Recreational infrastructure
- Regional and local airports
- Resilience (*formerly Disaster Mitigation*)
- Short-line rail
- Short-sea shipping
- Solid waste

1

- Sport infrastructure (excluding facilities housing professional or semi-professional sports teams)
- Tourism infrastructure
- Wastewater

STRATEGIC PLAN ALIGNMENT:

This report supports the delivery of core services.

FINANCIAL IMPLICATIONS:

In order for the City of Kitchener to continue receiving CCBF, the agreement must be signed. Failure to do so would forfeit approximately \$8M of annual funding.

The funding allocations for 2024-2028 have been disclosed by AMO, with the allocation for the City of Kitchener as follows:

Municipality	2024	2025	2026	2027	2028
Kitchener	\$8,076,495	\$8,413,016	\$8,413,016	\$8,749,537	\$8,749,537

These funding allocations align with the projections utilized in the Capital Budget forecast.

COMMUNITY ENGAGEMENT:

INFORM – This report has been posted to the City’s website with the agenda in advance of the council / committee meeting.

PREVIOUS REPORTS/AUTHORITIES:

- FCS-14-101 Federal Gas Tax Agreement

APPROVED BY: Jonathan Lautenbach, Chief Financial Officer

ATTACHMENTS:

Not Applicable