



COUNCIL REPORT

To: Mayor and Council

Date: February 11, 2025

From: Ron Bowles, CAO

Subject: **Active Transportation Fund**

Report Prepared by: Jason Luciw, Senior Advisor – Communications and Engagement

RECOMMENDATION to Consider and Resolve:

THAT Council direct staff to apply to the federal Active Transportation Fund requesting the maximum funding contribution of 60 per cent of eligible costs towards construction of Elliott Road active transportation infrastructure from Smith Creek Road to Reece Road;

AND THAT Council agree to amend the Five-Year Financial Plan and 10 Year Capital Plan to reflect any federal contributions to be given under the Active Transportation Fund and agree to provide the City's respective share of funds, using available sources, as early as 2026 and no later than 2029, subject to grant approval and annual budget deliberations and approvals;

AND FURTHER THAT Council authorize the Mayor and/or Chief Administrative Officer to sign the required federal contribution agreement, subject to grant approval.

STRATEGIC AREA OF FOCUS

Invest in Infrastructure – We will invest in building, improving and maintaining infrastructure to meet the needs of, and to provide a high quality of life for, current and future generations.

BACKGROUND

On Dec. 17, Housing, Infrastructure and Communities Canada launched the Active Transportation Fund and is seeking applications for eligible projects by Feb. 26. A Council resolution in support of the application is required. The resolution considers federal grant timelines and possibilities and respects Council's future budget processes.

Final project selection will remain at the sole discretion of the Housing, Infrastructure and Communities Minister. Recipients will be notified after funding decisions have been made and successful applicants will be required to sign a federal contribution agreement.

The federal government will commit an average of \$3 billion annually, starting in 2026-2027, under the Canada Public Transit Fund (CPTF). Under the CPTF's Active Transportation Fund (ATF) Stream, up to \$500 million will be available across Canada. A minimum of 10 per cent of all funds will be allocated to Indigenous recipients. Total costs cannot exceed \$50 million per project, and the maximum federal contribution for local governments is 60 per cent. Stacking is allowed and municipalities may use other federal and provincial grants and/or their own funding sources for the remaining 40 per cent.

DISCUSSION

The Active Transportation Fund (ATF) is a merit-based and application-driven program that scores projects on their ability to advance the objectives of the overarching Canada Public Transit Fund. The ATF seeks to fund projects that:

- Increase the shift away from cars and towards active transportation.
- Increase use of public transit by supporting first and last kilometer connections to existing and planned infrastructure.
- Improve affordability by providing cheaper travel options over vehicular travel.
- Support efforts to mitigate climate change and improve climate resilience by reducing road congestion and cutting pollution.
- Improve active transportation options for all, especially Indigenous Peoples and equity-deserving groups to ensure people of all ages and abilities can access jobs and services.
- Will be completed by March 31, 2030 or sooner.

Following a review of potential projects, in relation to the grant program's criteria and objectives, City staff met with consultants, on Jan. 30, to discuss Old Okanagan Highway between Butt Road and Reece Road. The project was deemed the leading contender because it achieves a significant number of the program's objectives, meets its criteria, and has committed City funding as a carryover project from a previous budget year. Design is nearly complete for public tendering.

Information was presented to the Senior Leadership Team for consideration on Jan. 30.

Construction costs incurred prior to grant funding being approved are ineligible. Grant program staff indicated that they could not provide approximate timelines for approvals. Past federal grant program approvals have taken between several months and one year given a high number of applications and a comprehensive review process.

Staff explored the possibility of delaying the Old Okanagan Highway project, sectioning off certain elements for the grant and/or phasing some components. This approach could create challenges, impact tendering, cause delays and/or add costs.

Three other projects were also discussed:

- Elliott Road improvements between Smith Creek Road and Reece Road.
- Horizon Drive Active Transportation Corridor.
- Gellatly/Boucherie Roundabout.

The Elliot Road project meets objectives of the program including providing cycling lanes and sidewalks, creating pedestrian connections between transit stops at Smith Creek Road near Elliott Road and on Elliott Road at Reese Road and improving safety. The southern terminus of the project will not connect to any active transportation infrastructure. However, the case can be made that the project will help achieve future connectedness between homes and businesses in Smith Creek and Westbank Centre, subject to future approved improvements, as funding becomes available.

Horizon Drive is already the subject of a \$500,000 provincial funding request, as it was well suited to the BC Active Transportation Infrastructure (BCATI) program. The BCATI program will not permit stacking, if the other grant funds were not itemized in the budget that was provided in the original grant application. The federal program opened after the provincial program closed. Should the province approve the \$500,000 grant for Horizon Drive, provincial funding could be reduced by any other federal or other grant amounts provided after the fact. The BCATI program also has a shorter project completion window of March 31, 2027, and it could be disadvantageous to wait up to one year for the possibility of federal funding. The Horizon Drive project has also been previously delayed due to unfavorable tenders having been received and staff were concerned about delaying this project further.

The Gellatly/Boucherie Roundabout is designed, and funding is identified in the 10-Year Capital Plan in the 2028 Budget Year at an estimated \$2.65 million. However, the project does not meet the criteria as well, as it would not significantly prioritize transit or improve multimodal connectedness. It will improve traffic flow and pedestrian safety.

FINANCIAL IMPLICATIONS

Elliott from Smith Creek to Reece is currently funded in the 10-year Capital Plan at \$4.5 million for consideration as early as the 2026 Budget Year. As the project does not have a tender-ready estimate, Housing, Infrastructure and Communities Canada requires a healthy contingency of up to 30 per cent, placing this project at an estimated \$5.85 million. The ATF would provide up to 60 percent funding to a maximum of \$3.51 million with the City's 40 per cent share being no less than \$2.34 million from capital reserves and development cost charges. The ATF would permit the City to stack other provincial and federal grant funding to cover any or all of its 40 per cent share.

CONCLUSION

Elliott from Smith Creek to Reece is eligible for funding under the Active Transportation Fund, it is identified as a project in the 10-Year-Capital Plan as early as the 2026 Budget Year. Subject to a resolution being approved at the Feb. 11 Council meeting, directing staff to apply, Engineering and Communications and Engagement staff, in collaboration with the consultants assisting with the design, would be able to commit sufficient time and resources to complete an ATF application by the Feb. 26 deadline.

Alternate Recommendation to Consider and Resolve:

THAT Council direct staff to apply to the federal Active Transportation Fund requesting the maximum 60 per cent funding contribution towards construction of the Old Okanagan Highway improvements between Butt Road and Reece Road;

AND THAT Council agree to amend the Five-Year Financial Plan and 10 Year Capital Plan to reflect any federal contributions to be given under the Active Transportation Fund and agree to provide the City's respective share of funds, using available sources, as early as 2026 and no later than 2029, subject to grant approval and annual budget deliberations and approvals;

AND FURTHER THAT Council authorize the Mayor and/or Chief Administrative Officer to sign the required federal contribution agreement, subject to grant approval.

REVIEWED BY

Warren Everton, Director of Finance/CFO

APPROVED FOR THE AGENDA BY

Trevor Seibel, Deputy CAO/Deputy Corporate Officer

PowerPoint: Yes No