

Agenda No: 7.1 a)
Mtg Date: Nov 4/10

Gas Tax/Public Transit Management Services

...delivering the federal gas tax and public transit agreement funding in British Columbia

UNION OF
BRITISH
COLUMBIA
MUNICIPALITIES

Administration provided
By UBCM

Funding provided by:
Government of Canada

Canada

In partnership with



Gas Tax/Public Transit
Management Services
Secretariat

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under

Funding Programs/
Current Programs/
Gas Tax Fund

October 7, 2010

Chair Robert Hobson and Board
Central Okanagan Regional District
1450 KLO Road
Kelowna BC V1W 3Z4

Dear Chair Robert Hobson and Board:

RE: **GAS TAX AGREEMENT REGIONALLY SIGNIFICANT PROJECTS FUND**

We are pleased to advise that Gas Tax Agreement's Partnership Committee has approved a Strategic Priorities Fund program model. The Committee has again agreed to set aside, or reserve, a portion of the funding for Regionally Significant projects (RSPs) within Tier 2 regions.

The amount reserved for RSPs in your region is \$8,722,420.00. We invite the regional district, on behalf of itself and its member municipalities, to contact UBCM indicating your interest in entering a RSP Working Group with UBCM and the Province.

UBCM is interested in working with you throughout the development process. The RSP Working Group, consisting of staff from UBCM and the Province, will facilitate the discussion with staff from your region on the process for developing an RSP proposal that meets the Gas Tax outcomes of lower greenhouse gas emissions, cleaner air, or cleaner water, and which is large in scale and regional in impact.

RSPs are unique as they will not be competing for funding against applications from other regions, and funding will be provided for approved RSP projects up to the lesser of the eligible costs of the projects and the amount reserved for the region.

Further information about RSP proposals is set out in the enclosed Question and Answer document. If you would like further information about the RSP program, or would like to initiate discussions with the RSP Working Group, please contact Brant Felker, Gas Tax Program Officer by email at bfelker@ubcm.ca or by phone at 250 356-0893.

Yours truly,

Barbara Steele
UBCM President

pc: Harold Reay, CAO

Questions and Answers Gas Tax Regionally Significant Projects - 2010

1. What are Regionally Significant Projects?

A portion of the available funding in the Strategic Priorities Fund (SPF) has been reserved for each of the Tier 2 regions for Regionally Significant Projects (RSPs). RSPs do not need to benefit the entire region, nor do they necessarily need to be inter-jurisdictional. In order to be eligible for RSP funding, a project must:

- Qualify as an Eligible Project under the Gas Tax Agreement (e.g., fall within one of the eligible project categories);
- Lead towards reduced greenhouse gas emissions, cleaner air or cleaner water;
- Be larger in scale or regional in impact;
- Be identified by a Tier 2 region as an RSP;
- Meet certain objective-based standards; and
- Be approved by the Gas Tax Agreement's Management Committee

2. How much funding has been reserved for RSPs?

The amounts reserved are equivalent to 50% of the funding in the SPF pool originating from the per-capita allocations for each of the Tier 2 regions. Reservations for each of the Tier 2 regions, including the regional district and its member municipalities, are:

Capital:	\$18,552,747
Central Okanagan:	\$8,722,420
Cowichan Valley:	\$4,134,974
Fraser Valley:	\$13,815,552
Nanaimo:	\$7,451,489
North Okanagan:	\$4,154,969
Okanagan Similkameen:	\$4,271,823
Squamish Lillooet:	\$1,893,362

3. What are the program changes to the RSP program?

There are two changes to the RSP program for the 2010 intake.

- a. Extended intake period to September 30, 2012.
- b. Application process is driven by a Region/UBCM/BC working group.

4. What are the objectives of the RSP working group?

The RSP working group will meet once the region is prepared to enter the process of applying for RSP funding. The working group first meeting is intended be a starting point for project development. UBCM and Province of British Columbia have agreed to employ this collaborative approach to work with regions to develop RSP projects that produce regional, larger in scale projects that produce strong outcomes.

5. Who decides what project are RSP?

Although UBCM and the Province of BC will be working with the region early on through the working group to discuss project eligibility and outcome considerations and process development, it is ultimately the Regional District who are asked to take a leadership role in development of the proposals. The Gas Tax Management Committee reviews and approves RSP proposals.

6. Why are RSPs only available to Tier 2 local governments?

The tier structure established under the Gas Tax Agreement recognizes the differing community characteristics throughout the province, particularly in the areas of population density, degree of urbanization, adjacency of communities to urbanized areas and the need for intra-regional infrastructure. This recognition is implemented in the Agreement through different allocations to Community Works Funds and SPF for the two tiers. 25% of Tier 1 per-capita allocations are pooled, whereas fifty percent of the Tier 2 per-capita allocations are pooled. This difference takes into consideration a potentially more acute need for Tier 2 local governments to work cooperatively in setting and implementing regional infrastructure priorities; RSPs provide a mechanism for facilitating this cooperation.

7. When is a RSP proposal needed, and what should it contain?

The RSP proposal should be submitted by September 30, 2012. Details of the proposal shall be discussed at the RSP working group, but should have a list of the projects, along with sufficient detail for each project for Management Committee to make a determination as to eligibility and appropriate standards.

8. Who determines eligibility?

In order to be eligible, a project must be included in one of the project categories under Schedule A of the Gas Tax Agreement and result in reduced greenhouse gas emissions, cleaner air or cleaner water. In addition, RSPs must be larger in scale or regional in impact, will be subject to objectives-based standards and funding must represent incremental spending for the recipient. The Management Committee will assess each proposed RSP project to ensure that it meets these requirements; regions will be asked to provide sufficient information for Management Committee to make this assessment.

9. Why do these projects need to meet objectives-based standards?

In a typical application-based program, funding can be directed towards projects that best meet objectives, allowing for maximization of program outcomes. However, since RSP funding is reserved, it is not necessarily directed towards projects that will achieve maximum outcomes. RSP standards are intended to ensure that each of the projects funded will meet a certain outcome threshold.

10. Who decides what the standards are?

The standards for RSP projects will become part of the Management Committee approval of individual RSP proposals. UBCM Staff will work with local government staff to develop recommended standards for each type of RSP project under consideration.

11. What happens after Management Committee approves a RSP proposal?

UBCM will enter into a funding agreement with eligible recipients identified in the RSP proposal. Usually, the eligible recipient will be the local government that will undertake the project, and, in the case of capital project categories, that will own the asset resulting from the project.

12. When will the funding be provided to the recipient?

Payments will be made available to recipients in accordance with the terms and conditions of the funding agreement. There are a number of factors that will affect the timing of payments, including: cash flow considerations; estimated costs vs. actual costs; or other requirements under the funding agreement.