
Subject: Canada Community-Building Fund

Staff Report No. FI-006-25

**Department/
Commission:** Finance Services Commission

Date: April 16, 2025

Recommendation:

1) That Council receive Report FI-006-25 for information.

Report Highlights

- Provides background information on the Gas Tax Fund (GTF) evolving to the Canada Community-Building Fund (CCBF).
- CCBF is more of a flexible and permanent source of funding that encourages long-term municipal planning and asset management practices.
- CCBF has 18 eligible project categories under 3 national objectives, which include Productivity and Economic Growth, Clean Environment, and Strong Cities and Communities.
- The Town receives annual contributions of the CCBF with those funds attributed to eligible capital projects.
- \$1.59 million in CCBF funding was received in 2024.
- Six (6) active capital projects had CCBF funding allocated in 2024.
- The estimated CCBF ending balance for 2024 is \$10.9 million.

1. Purpose:

This report will address the information requested in the Member Motion brought forward on February 19, 2025, and provides background information on the capital budgeting process and the process related to the receipt and disbursement of the Canada Community-Building Fund annual allocation to the Town of Whitchurch-Stouffville.

2. Background:

The following member motion was brought forward on February 19, 2025.

WHEREAS the town receives a The Canada Community-Building Fund (CCBF) from the Federal government annually that is for capital investments in essential infrastructure, such as roads and bridges, public transit, drinking water and wastewater infrastructure, and recreational facilities project categories; and

THAT the Commissioner of Finance and Treasurer collects, manages and controls the fund; and

THAT the Commissioner of Engineering and Public Works and the Commissioner of Community Services creates the list of approved capital projects for this fund; and

NOW THEREFORE BE IT RESOLVED THAT, we are requesting that the Commissioner of Finance and Treasurer provide the CCBF current balance and the 2024 tax fund amount received and an estimate of the 2025 tax fund; and

THAT the Commissioner of Engineering and Public Works and Commissioner of Community Services provide the list of capital projects and how they are prioritized for this fund, the list of the 2024 projects and those completed, and the current 2025 projects assigned to this fund; and

THAT the report to be completed and brought back to the Council Meeting April 16, 2025.

To provide context, some background information will be provided on the evolution of the CCBF and the process followed by staff in allocating this funding to eligible capital projects.

2.1 The Gas Tax Fund

Launched in 2005, the Gas Tax Fund (GTF), was dedicated to Public Transportation to provide a long-term, sustainable source of funding for Ontario municipalities that contribute towards a local public transit system. The purpose of this program was to expand public transportation capital infrastructure and levels of service to increase municipal transit ridership. Gas Tax allocations were based on a formula of 70% ridership and 30% population, where funds provided would not exceed 75% of municipal own spending on transit.

2.2 The Canada Community-Building Fund

As the program evolved, on June 29, 2021, GTF was renamed as the Canada Community-Building Fund (CCBF) in order to become a more flexible and permanent source of federal infrastructure funding to support community infrastructure projects. CCBF aims to provide municipalities with access to a predictable source of funding, provide support through investment in community infrastructure, and encourage long-term municipal planning and asset management practices. Its goal is to address infrastructure deficits, improve environmental sustainability, create jobs, and support economic growth. CCBF funding is used to fund capital projects and expenditures in

accordance with the terms of the Agreement. Municipalities have up to five years from the receipt of funding to spend the funds on eligible projects. This banking ability facilitates long-term planning and allows municipalities to accumulate funds for larger projects. Each year, the five-year banking limit is determined for the Town, and the amount must be spent by the end of that year.

- 2024 Banking Limit: \$2,578,853 (the amount of CCBF that the Town must spend in 2024)
- 2025 Banking Limit: \$1,603,173

Municipalities also benefit from earning interest on these funds, which can further support their financial stability and project funding.

2.3 CCBF Objectives and Eligible Project Categories

The CCBF has three (3) national objectives, Productivity and Economic Growth, Clean Environment, and Strong Cities and Communities. Under these national objectives, the 18 project categories that are eligible for funding include.

1. Local Roads and Bridges
2. Public Transit
3. Regional and Local Airports
4. Resilience
5. Short-Line Rail
6. Short-Sea Shipping
7. Broadband Connectivity
8. Drinking Water
9. Wastewater
10. Solid Waste
11. Community Energy Systems
12. Brownfield Redevelopment
13. Sports
14. Recreation
15. Culture
16. Tourism
17. Capacity Building, and
18. Fire stations

Projects must be capitalized as Tangible Capital Assets (TCA) as per PSAB 3150, with a useful economic life extending beyond one year.

2.4 CCBF Administration

The Administrative Agreement (the Agreement) for the CCBF between the Government of Canada, the Province of Ontario, the Association of Municipalities of Ontario (AMO)

and the City of Toronto places administrative responsibilities upon AMO to disperse and report annually on CCBF funding for all municipalities in Ontario, except for Toronto.

The Federal Government advises the Town as to the amount of CCBF allocation with AMO responsible for dispersing those funds and provides a reporting portal for all municipalities to report their annual CCBF spending. This reporting must be completed by April 30th each year.

3. Analysis:

3.1 Capital Budget Process

The capital budget process is a structured, multi-stage approach designed to ensure strategic alignment, financial accountability, and effective resource allocation. It begins in mid-June with a Budget Kick-off Meeting, where the Finance Commission provides guidance on budgeting principles, submission requirements, and financial constraints, along with an overview of the budget framework.

From July to mid-August, Commissions undertake a comprehensive review of capital priorities, considering growth needs, asset management requirements, Council directives, and project timing, to ensure optimal execution. The finance team supports this process by providing financial analysis, forecasting insights, and funding strategies to help Commissions prioritize projects. New projects are considered only if they align directly with the Town's Strategic Plan and after existing projects are either completed, cancelled, or have an approved work plan in place. Capital projects approved in previous years but still in progress or not yet started, are reassessed to determine their status and priority, with an emphasis on completing older projects first.

By the last week of August, Commissions submit a draft capital budget and supporting business cases to the Finance Commission. Throughout September, the finance team conducts a detailed review of all submissions, ensuring completeness, funding feasibility, accuracy, and alignment with strategic priorities. Proposed projects are assessed based on funding availability and reserve forecasts, while new projects undergo additional scrutiny to ensure they are supported by a robust business case. The finance team provides additional guidance at this stage, offering recommendations on funding sources, alternative financing options, and potential cost-saving measures. Following this, the Treasurer conducts a further review of departmental submissions to validate project justifications and funding availability.

From September to October, meetings are held with each Commission, the Treasurer, and the CAO to further refine the budget. These discussions focus on major projects, their timing, community impact, cost-effectiveness, and available funding sources, including grants such as the Canada Community-Building Fund (CCBF) and the Ontario Community Infrastructure Fund (OCIF). The capital budget undergoes three rounds of review, followed by further refinements with the Treasurer, CAO, and Finance Team.

In late October, the Senior Leadership Team reviews the final draft budget. Currently, with Strong Mayor Powers in place, the approved operating and capital budget is tabled in early November, including, adopting the next nine years of the Capital Plan. Within the prescribed timelines, Council formally adopts the capital budget, ensuring a clear and transparent financial planning process that aligns with the Town's long-term strategic objectives.

Capital projects included in the ten-year forecast undergo a rigorous review to determine their eligibility under the Canada Community-Building Fund (CCBF) guidelines.

Commissioners are responsible for identifying and recommending projects for CCBF funding. Annually, they receive the CCBF eligibility criteria and banking limit to inform their recommendations. They must prioritize capital projects that meet the funding criteria, ensuring alignment with strategic plans, business plans, master plans, asset management plans, technical assessments, long-term needs, and timing requirements.

The Finance team further reviews the identified projects to account for previously approved and committed projects funded through CCBF, while also assessing future eligible projects competing for the same funding.

This structured approach ensures that funding is allocated efficiently, maximizing the Town's ability to invest in essential infrastructure and community development while remaining compliant with funding.

3.2 Capital Project Prioritization

Within the available funding limits, the Town will prioritize capital projects based on strategic alignment and long-term community needs. The prioritization process is informed by strategic plans, business plans, master plans, and asset management plans, ensuring a structured and transparent approach to capital investment. Each year, adjustments are made based on technical assessments, emerging priorities, and timing requirements to optimize resource allocation.

In determining which capital expenditures will be funded and when they should occur, the Town evaluates projects against the following ranked priorities:

- 1. Protect health, safety, and the environment** – Ensuring essential infrastructure and services meet regulatory standards and safeguard public well-being.
- 2. Enhance financial sustainability** – Supporting projects that reduce operating costs, generate efficiencies, or leverage external funding sources such as grants and partner contributions to maximize community investment.
- 3. Maintain existing assets** – Preserving and rehabilitating capital assets to keep them in a state of good repair and extend their service life.
- 4. Support growth and service improvements** – Expanding or upgrading facilities, technology systems, and infrastructure to accommodate growth or enhance service levels.

During the prioritization process, the overall capital ask is scrutinized and reduced. This prioritization framework ensures that capital investments align with community needs, fiscal responsibility, and long-term sustainability.

Funding for each capital project is allocated in accordance with the Town's Reserve and Reserve Fund Policy, ensuring financial sustainability and alignment with long-term planning objectives. For the new strategic initiatives, Commissions are provided with a defined "funding envelope" that sets the maximum investment for these initiatives for the budget year, guiding project allocation decisions. This approach ensures that available resources are distributed strategically, supporting the Town's capital priorities, while maintaining fiscal responsibility.

3.3 CCBF Funding

Funds are first transferred from the federal government to the provinces and territories, which then distribute the funding to their communities (via AMO in Ontario). CCBF allocations in Ontario are based on a per-capita basis. 38% of funding is allocated to Ontario, with 20% of this going to the City of Toronto as a signatory.

CCBF funding comes from revenues that are allocated to the municipality under the Agreement (transfer payments provided twice a year) which are periodically indexed and calculated on a per capita basis.

The Town employs a capital reserve forecasting process to determine the available annual draws for capital projects. This process ensures that reserve funds are managed prudently, balancing infrastructure investment needs with long-term financial sustainability.

Each year, the finance team conducts a detailed analysis of capital reserve balances, projected contributions, planned withdrawals, and future commitments. This analysis considers:

- Historical funding trends and expenditure patterns.
- Projected reserve contributions from operating budgets, grants, interest allocations, and other funding sources.
- Anticipated withdrawals for approved and planned capital projects in the 10-year capital forecast.
- Required reserve target levels as set in the Reserve and Reserve Funds Policy to support long-term capital planning and asset management.

The results of this forecasting process establish a sustainable funding envelope for capital expenditures, ensuring that annual reserve draws align with financial capacity while maintaining adequate reserve balances for future infrastructure needs. Interest is earned on monthly balances. The balances in the fund earn investment income, as calculated by the Treasurer, based on the annual performance of the Town's investment portfolio. The

Town's Reserve and Reserve Fund Policy outlines the management and administration of reserves, including the Canada Community-Building Fund (CCBF) Reserve.

The Town is advised of its CCBF allocation for planning purposes. As shown in Table 1, the allocation remains stable from 2024 to 2026 with an increased amount to be received beginning in 2027.

Table 1: 2024-2028 Federal Allocations for The Town of Stouffville:

Year	2024	2025	2026	2027	2028
Allocation (\$)	1,590,377	1,633,052	1,633,052	1,698,374	1,698,374

3.4 CCBF Current Balance

As previously mentioned, CCBF allocations can be accumulated to allow amounts to be assigned to larger capital projects. The CCBF funding received is invested within the Town's investment portfolio earning annual interest and contributes to a larger amount of CCBF available to be used by the Town. As shown in Table 2, the CCBF ending balance for 2024 is estimated at \$10.9 million.

Table 2: CCBF 2024 Activity

CCBF Opening Balance	\$11,258,557.23
CCBF Collections	\$1,590,377.40
Total Interest Earned	\$710,408.32
Total CCBF Accumulated	\$13,559,342.95
Less: CCBF Project Funding	(\$2,669,908.70)
CCBF Ending Balance* - 2024	\$10,889,434.25

* subject to update as year-end is completed

3.5 CCBF Active Projects

In 2024, the Town had six (6) active capital projects with CCBF committed funding. Overall, these six (6) projects have a cumulative project budget of \$16.5 million with \$7.3 million in CCBF funding allocated. At the end of 2024, approximately \$3.5 million of the CCBF funding has been spent on these projects with \$4.7 million of the committed funding to be spent as these projects advance through the construction phase/implementation stage of the project. Table 3 lists the six (6) active projects and the CCBF spending to date.

Table 3: 2024 Active CCBF Projects

Year	Project Name	Total Project Budget	CCBF Committed Funding	CCBF 2023 and prior	CCBF funded as at 2024	Balance of CCBF Committed Funding
2023-2024	Asset Management Plan	100,000	100,000		52,839	47,161
2022-2024	O'Brien Ave. Reconstruction Main St. to Rose Ave. (W26)	2,798,600	1,958,225	88,288	1,436,765	521,459
2020-2023	Edward St. Reconstruction	8,310,000	3,145,320	105,921	525,608	2,619,712
2023	Lloyd St. Reconstruction (W27)	4,000,000	1,020,000	541,345	603,419	416,581
2022	Asset Management and Work Order Management System	500,000	400,000			400,000
2019-2024	Streetlights, Traffic Signals and Sidewalks, Aurora Rd	790,700	711,630	74,634	51,278	660,352
		16,499,300	7,335,175	810,187	2,669,909	4,665,266

3.6 Forecasted CCBF Funded Projects

Table 4 highlights the eight (8) projects currently forecasted to receive CCBF funding over the next five (5) years, in addition to the currently active projects. During the capital budget process each year, this list of projects will be reviewed to ensure that these projects still meet the eligibility requirements for CCBF funding, in addition to reviewing the timing of these projects to ensure that funding needs are matched to the phase of the project. It is important to note that new capital priorities may be brought forward during this period that may cause a change in the projects allocated CCBF funding on an annual basis.

Table 4: Forecasted CCBF Funded Projects

Year	Project Name	Total Project Budget	CCBF Committed Funding
2025	Asset Management Plan Provincial Reporting	85,000	85,000
2025	Winona Dr. Reconstruction	2,000,000	2,000,000
2027	Loretta Crescent - design, project admin	425,000	425,000
2028	Loretta Crescent - construction	2,000,000	2,000,000
2027	Somerville St-O'Brien to Civic - design, project admin	425,000	425,000
2028	Somerville St-O'Brien to Civic - construction	2,000,000	2,000,000
2028	Frederick St, Church St, George St and Dutchess St. Reconstruction - Design	425,000	255,000
2029	Frederick St, Church St, George St and Dutchess St. Reconstruction	3,550,000	2,130,000
		10,910,000	9,320,000

4. Options:

4.1 Option A (Recommended)

None.

5. Financial Implications:

There are no financial implications associated with this report.

6. Broader Intergovernmental Impacts and/or Considerations:

None

7. Communication:

For all projects allocated CCBF funding there is a signage requirement stipulated through AMO and the requirement for that signage to be in place for the duration of the project.

8. Alignment with Strategic Plan:

1. Good Governance
Provide Good Governance
2. Organizational Effectiveness
To Elevate our Organizational Effectiveness

9. Attachments:

None

10. Related Reports:

None.

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