

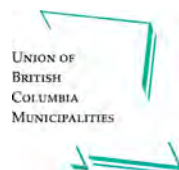
**UNION OF BRITISH COLUMBIA MUNICIPALITIES**

# **GAS TAX/PUBLIC TRANSIT ANNUAL EXPENDITURE REPORT**

**PURSUANT TO THE AGREEMENT ON THE TRANSFER  
OF FEDERAL GAS TAX REVENUE AND THE AGREEMENT  
ON THE TRANSFER OF PUBLIC TRANSIT FUNDS**

**FOR THE PERIOD APRIL 1, 2007 TO MARCH 31, 2008**

**September 2008**



# TABLE OF CONTENTS

---

<b>Letter of Transmittal .....</b>	<b>1</b>
<b>Executive Summary .....</b>	<b>3</b>
Introduction .....	3
Program Highlights: Leading the Way Towards More Sustainable Communities ..	3
Project Highlights: Real Progress on Real Priorities .....	4
Financial Highlights: Efficient, Effective Program Delivery .....	4
<b>Project Report .....</b>	<b>5</b>
Projects Funded – Public Transit Agreement .....	5
Projects Funded – Gas Tax Agreement .....	6
Project Highlights .....	11
<b>The Significance of Gas Tax-Public Transit Funding for Communities .....</b>	<b>21</b>
Enhanced Community Health and Safety .....	21
Provide Predictable Long Term Funding .....	22
Build Public Sustainability Awareness .....	23
Improve Accessibility and Mobility .....	24
Support Local Government Collaboration .....	25
Encourage Economic Development .....	26
Conclusion .....	26
<b>Financial and Compliance Reporting .....</b>	<b>27</b>
Amounts Received and Disbursed .....	27
Recipient Compliance and Reporting .....	30
Annual Reports and Financial Officer Certifications .....	30
PSAB Compliance .....	30
Reconciliation of Audited Financial Statements to Annual Reports .....	31
Capital Investment Plans .....	31
Transit Strategies .....	31
Incrementality .....	31
UBCM Compliance and Reporting .....	32
Leadership in Programming .....	33
Ensuring Recipient Compliance .....	33
Promoting Planning and Collaboration .....	33
Funds Management .....	34
Reporting .....	34
Communications: Telling the Gas Tax Story in BC Communities .....	34
Events that Demonstrate Results .....	35
Media Analysis .....	35
<b>Summary and Looking Ahead.....</b>	<b>37</b>
<b>Appendix 1 – Audit Reports .....</b>	<b>39</b>



Administration provided  
By UBCM

Funding provided by:  
Government of Canada



In partnership with:



Gas Tax/Public Transit  
Management Services  
Secretariat

Municipal House  
545 Superior St  
Victoria BC V8V 1T7

Phone: 250 356-2947  
Fax: 250 387-4470

Website:

[www.civinet.bc.ca](http://www.civinet.bc.ca)  
under  
Programs & Services

Federal Gas Tax and Public  
Transit Agreements

## **Gas Tax/Public Transit Management Services**

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

September 16, 2008

The Honourable Lawrence Cannon  
Minister of Transport, Infrastructure  
and Communities  
Government of Canada  
House of Commons  
Ottawa ON K1A 0A6

The Honourable Blair Lekstrom  
Minister of Community Development  
Province of British Columbia  
Parliament Buildings  
Victoria BC V8V 1X4

Dear Ministers:

### **RE: UBCM GAS TAX AND PUBLIC TRANSIT AGREEMENT ANNUAL EXPENDITURE REPORT**

We are pleased to provide this Annual Expenditure Report and Audit Report for the period of April 1, 2007 to March 31, 2008. These reports are made pursuant to the Canada – British Columbia – Union of British Columbia Municipalities Agreement on the Transfer of Federal Gas Tax Revenues (Gas Tax Agreement) and the Agreement on the Transfer of Public Transit Funds (Public Transit Agreement).

While the report addresses the required elements set out in Section 7 and Schedule E of the Gas Tax Agreement and Section 8 and Schedule D of the Public Transit Agreement and the agreed upon improvements to the annual reporting process, it is much more than that.

With the Gas Tax Program in its third year, we are beginning to see tangible results from the investments and communities around BC are beginning to reap the benefits of the projects themselves and a method of program delivery that provides long term predictable funding to local governments.

Consequently, our report this year highlights the projects underway or completed throughout the province, and the gains these projects will make in relation to cleaner air, cleaner water, and reduced greenhouse gas emissions. In addition, we highlight some of the benefits beyond these outcomes that are accruing to communities.

Transit and alternative transportation don't just reduce emissions, they also support individual and community health, foster greater accessibility and connectedness, and facilitate more efficient goods movement.

Taking a broader, more integrated approach to planning goes beyond environmental sustainability, and supports citizen engagement and helps to create communities where people can thrive and economies flourish.

A program design that emphasizes predictable financial resources, innovations and inter-jurisdictional collaboration will undoubtedly help move communities towards greater environmental sustainability, but they will also provide a catalyst for new, more efficient ways of doing business that will help to drive the economy, both locally and beyond.

These and other benefits are beginning to be seen by communities around BC and as the program unfolds, the benefits will grow.

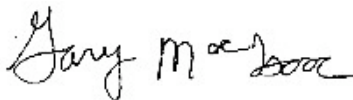
These are not modest achievements. They have been made possible through the funding programs themselves, through the collaborative efforts of the partners to the agreements, and through the leadership local governments have shown in planning and building truly sustainable communities.

UBCM is proud of the early successes the programs have shown, and look forward to our continued collaboration as we build on these successes in the future. I would also like to take this opportunity to thank your respective staffs for their dedication to program delivery. This is truly a unique partnership that has proven that by working together, we can make great strides towards our mutually held goals for sustainable communities in British Columbia.

Sincerely,



Susan Gimse, President



Gary MacIsaac, UBCM Executive Director



Brenda Gibson, General Manager  
Gas Tax/Public Transit Management Services

pc Carol Beal, Assistant Deputy Minister  
Program Operations Branch, Infrastructure Canada

Dale Wall, Deputy Minister  
Local Government Department, Ministry of Community Development

# EXECUTIVE SUMMARY

---

## Introduction

The Agreement on the Transfer of Federal Gas Tax Revenues (Gas Tax Agreement or GTA) and the Agreement on Transfer of Funds for Public Transit (Public Transit Agreement or PTA) are tri-partied agreements amongst the federal and provincial governments and UBCM, under which federal funds are delivered to local governments and other eligible recipients for investment in sustainable infrastructure and capacity building within BC communities.

UBCM administers the funding under both of these agreements, and is responsible for reporting annually on the use of funds and the progress made towards meeting its commitments under the agreements. This Annual Expenditure Report fulfils this reporting requirement for the April 1, 2007 to March 31, 2008 period.

The majority of the required reporting is set out in the Financial and Compliance Reporting section. The remainder of the report focuses on the projects funded this year, and the significance of the Gas Tax and Public Transit funds within BC communities.

## Program Highlights: Leading The Way Towards More Sustainable Communities

- On March 17, 2008, we were the first jurisdiction in Canada to sign a Gas Tax extension agreement, which will provide for just over \$1 billion in federal funding for BC communities for the period 2010/11 to 2013/14.
- During the year, a minor amendment to BC's Gas Tax Agreement has been made to expand the range of eligible project categories for Tier 3 communities.
- Awareness of the program was substantially increased through 21 communications events, and education and outreach programs conducted by UBCM.
- Complementary programs, such as the Joint Provincial-UBCM Green Communities Committee, the Provincial Smart Planning for Communities initiative, and the federally funded Green Municipal Fund have increased program penetration and created synergies.

## AER OVERVIEW

### Project Report

- Aggregated information about projects funded and approved this year
- Highlights of the projects in each of the project categories

### Significance of Gas Tax and Public Transit Funds for BC Communities

- Benefits of the programs beyond the objectives of clean air, clean water and reduced greenhouse gas emissions

### Financial and Compliance Reporting

- UBCM and recipient financial and compliance data
- Summary of UBCM's progress towards meeting its commitments under the agreements

## Project Highlights: Real Progress On Real Priorities

341 projects are underway or completed in BC and a further 74 have been approved for funding, representing total estimated Gas Tax or Public Transit investments of \$306.2 million. This



*Installing a Sewer Lift Station at Pine Valley*

investment represents significant progress towards federal, provincial and local government priorities relating to cleaner air, cleaner water and reduced greenhouse gas emissions. Further, the investments are proving to offer significant co-benefits in relation to community health and safety, improved accessibility and mobility, and encouraging economic development.

Planning for a sustainable future for BC communities has been enhanced by capacity building and integrated community sustainability planning projects, by the program's emphasis on collaboration and by the long term nature of the funding, which allows local governments to take a long-range view in making infrastructure investment decisions.

While many of these benefits will accrue over time, BC communities are already starting to see benefits resulting from the Gas Tax and Public Transit funding. To date 217 projects have been completed and are delivering improved service to local

communities like Pine Valley where Gas Tax funding provided enhanced wastewater treatment (see page 18). Innovations and leadership have long been hallmarks of the approach BC local governments take to building sustainable communities, and the Gas Tax and Public Transit funding has proven to be a way to accelerate this innovation. Innovative projects like View Royal's storm water treatment feature or take a natural, more sustainable approach to the effects of urban run-off which is adaptable to other areas in the province (see page 18).

## Financial Highlights: Efficient, Effective Program Delivery

- UBCM has delivered \$246.8 million of the \$306.8 million it has received to date, representing a delivery rate of 80.4%.
- Approvals under Regionally Significant Projects, General Strategic Priorities and Innovations funds represent a further \$85.3 million in commitments.
- Total estimated Gas Tax or Public Transit investment in all projects completed, underway or approved is about \$306.2 million (\$162.3 million to date, and \$143.9 million estimated in future years).
- Interest earned by UBCM and recipients since agreement signing was \$6.1 million and \$6.2 million, respectively, while administration costs during that period were \$1.0 million for UBCM and \$0.2 million for recipients.

# PROJECT REPORT

---

## PROJECTS FUNDED – PUBLIC TRANSIT AGREEMENT

Public Transit Agreement funding for the Kamloops Transit Exchange was fully expended last year, and the project is nearing completion. The exchange will consolidate all existing transit services at one location and is expected to provide greenhouse gas reductions through increased transit ridership.

Three other projects reported last year also reported Public Transit Agreement spending this year, as follows:

- TransLink, is purchasing 34 new SkyTrain vehicles, which will allow for increased service capacity for this rapid transit system powered by clean electric energy. The new vehicles will provide an approximate 22% increase in capacity on the existing SkyTrain line. Increased service, capacity, reliability and frequency are expected to equate to an additional 1,700 passengers per hour in the peak period or 2.3 million peak period passengers per year. Public Transit Agreement spending on the project in 2007 was \$1.14 million, which, when added to last year's spending of \$35.33 million, brings the total spending to date to \$36.47 million.
- TransLink is also purchasing 24 community shuttle vehicles with Public Transit funds. Community shuttles are used to provide mobility to customers in markets where conventional bus services would not be feasible but there is transit demand. The project was completed in 2007, with spending of \$3.4 million this year, and total Public Transit spending of \$ 4.15 million for this project.
- Victoria Regional Transit Commission will develop a median busway from downtown Victoria to Saanich Road on Highway 1, after which the median busway transitions to highway curbside operations. The project also includes an upgrade of regional transit information systems to support the rapid bus system, and it is expected that in first year of operations, greenhouse gas emissions will be reduced by approx. 238kT. Public transit funds allocated to the project are \$5.15 million, and the first spending (\$373,714) was reported this year.

In addition, one new project reported spending this year. BC Transit was allocated \$1.5 million of Public Transit funds to provide for new transit systems in areas without existing transit service. The project will see the purchase of 20 mini bus vehicles, for transit systems expansion in 12 municipalities and regional districts. Current year spending on this project was \$1.34 million.



*Kamloops Transit Exchange*

All of the four projects reporting current year spending are expected to have both cleaner air and reduced greenhouse gas emission outcomes, resulting primarily from increased transit ridership.

**Table 1: Number of Project Completed by Year, Public Transit Agreement**

	Completed in 2007	Ongoing	Total Reported
First reported spending in 2006	1	3	4
First reported spending in 2007		1	1
<b>Total Projects Reported</b>	<b>1</b>	<b>4</b>	<b>5</b>

## Financial Summary For All Public Transit Agreement Projects Reported

Prior year PTA funding	36,806,619
2007 PTA funding	6,251,135
Estimated future year PTA funding	<u>4,939,541</u>
<b>Total estimated PTA funding</b>	<b>\$47,997,295</b>
Estimated funding from all other sources	<u>10,898,508</u>
<b>Total estimated project costs</b>	<b>\$58,895,803</b>

## PROJECTS FUNDED – GAS TAX AGREEMENT

Consistent with the multi-year nature of infrastructure investment, a number of projects first reported in 2005 and 2006, also report spending this year. Some of these were completed during the year and others are still in progress. In addition, a number of new projects are reported for the first time in 2007, some that were completed this year and others that are ongoing. The following table outlines all projects reporting Gas Tax spending in at least one year between 2005 and 2007, and indicates the year in which they first reported spending and the year in which they were completed.

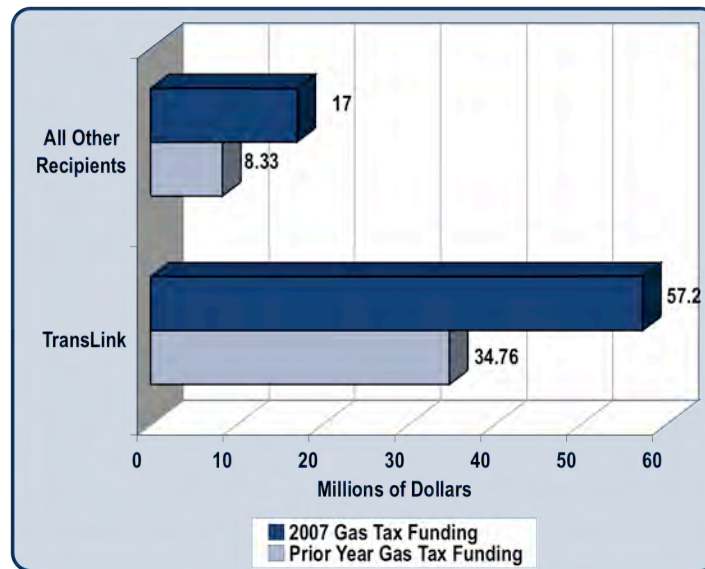
**Table 2: Number of Projects Completed By Year, Gas Tax Agreement**

	Completed in 2005	Completed in 2006	Completed in 2007	Ongoing	Total Reported
First reported spending in 2005	13	4	3	2	22
First reported spending in 2006		75	20	43	138
First reported spending in 2007			101	75	176
<b>Total Projects Reported</b>	<b>13</b>	<b>79</b>	<b>124</b>	<b>120</b>	<b>336</b>

It is interesting to note that just under 60% of the projects started in a year were completed in that same year. This is likely due to the emphasis recipients have placed on community energy, capacity building and integrated community sustainability planning, which can often be completed in a shorter timeframe than is the case with many infrastructure projects.

Of the 336 projects reported to date, 221 reported Gas Tax spending in 2007, totaling \$74.2 million. This represents spending of \$57.2 million by TransLink and \$17.0 million by all other eligible recipients. For recipients other than TransLink, 2007 spending represents almost a doubling of the prior year spending of \$8.33 million. Figure 1 graphically depicts the current year Gas Tax spending as compared to that of the prior year.

**Figure 1: Comparing Current Year Gas Tax Spending to Prior Year Gas Tax Spending**



The TransLink spending relates to both projects started in previous years and those started in 2007, with \$3.3 million attributed to projects started in prior years, and \$53.9 attributed to projects started in 2007. Similarly, the amounts spent by all other eligible recipients are attributed as follows: \$3.4 million for projects started in prior years and \$13.6 million for projects started in 2007.

In addition to projects initiated locally, the Gas Tax Agreement in BC provides for a number of pooled funds, which are application based. The TransLink spending noted above is one example of the pooled programs, since funding for the Metro Vancouver area is pooled and made available to TransLink for approved transit projects. While TransLink project approvals have been ongoing since 2005, the other pooled programs took a bit longer to implement, with the first round of approvals under the Regionally Significant Projects (RSP), General Strategic Priorities (GSPF) and Innovations (IF) funds being made over the summer of 2007.

Unlike the other programs under the Agreement, funding under the RSP, GSPF and IF programs is made available on a claim basis, with Gas Tax funding only distributed to the recipient after the recipient has incurred eligible costs. Consequently, approved projects will not immediately translate to allocations to recipients, but rather commitments towards the projects by UBCM. Funding commitments of \$85.3 million towards 78 projects have been made to date. Most projects approved under these programs have not yet commenced, but four recipients reported spending on an approved project in 2007, representing total spending of \$.57 million included in the recipient spending figures noted above. Consequently the total remaining commitments for approved pooled fund projects is reduced to about \$84.7 million.

Table 3 sets out a summary of the number of projects, by project category, for all Gas Tax projects reported by recipients or approved for funding under the pooled funding programs. Cycling and pedestrian infrastructure was reported in both “road and bridge” and “public transit” project categories. For the purposes of this summary, pedestrian and cycling infrastructure has been removed from these two categories and shown as its own separate category. Figure 2 graphically represents the percentage of projects in each of these project categories.

**Table 3: Number of Projects Reported by Recipients or Approved for Funding by Project Category**

	Community Works Funds (Tier 1 and 2)	Tier 3 Strategic Priorities Fund (TransLink)	Regionally Significant Projects (Tier 2)	General Strategic Priorities Fund (Tier 1 and 2)	Innovations Fund (All Tiers)	Total number of projects reported or approved (%)
Water	65		2	5	3	75 (18%)
Cycling and Pedestrian Infrastructure	48		2	1	1	52 (13%)
Community Energy	63		4	1	1	69 (17%)
Capacity Building	49		3	10	24	86 (21%)
Wastewater	58		2	3	3	66 (16%)
Road and Bridge	24					24 (6%)
Public Transit	9	3	6	1		19 (5%)
Solid Waste	13		3	2	1	19 (5%)
<b>Total</b>	<b>329</b>	<b>3</b>	<b>22</b>	<b>23</b>	<b>33</b>	<b>410</b>

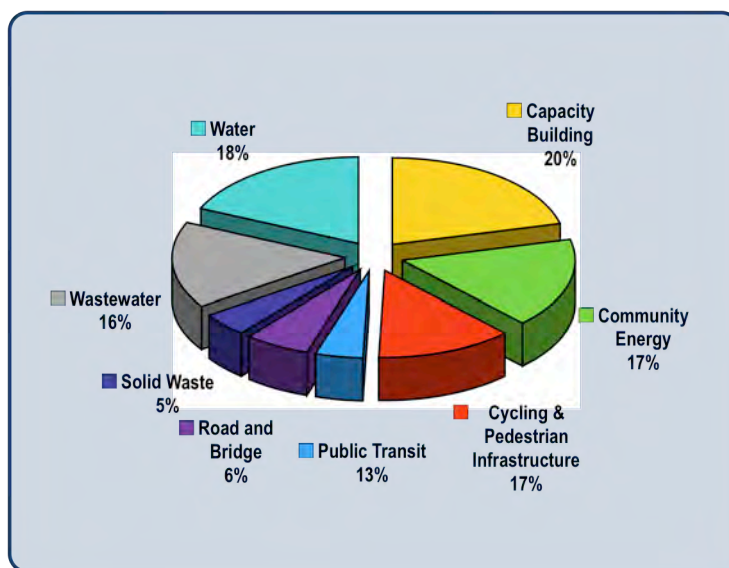
**Figure 2: Number of Projects Reported by Recipients or Approved for Funding by Project Category**

Table 4 shows the total anticipated Gas Tax funding expected to be used towards all projects reported by recipients or approved for funding under the pooled funding programs, by project category, along with the total estimated funding from other sources and total estimated project costs for these projects.

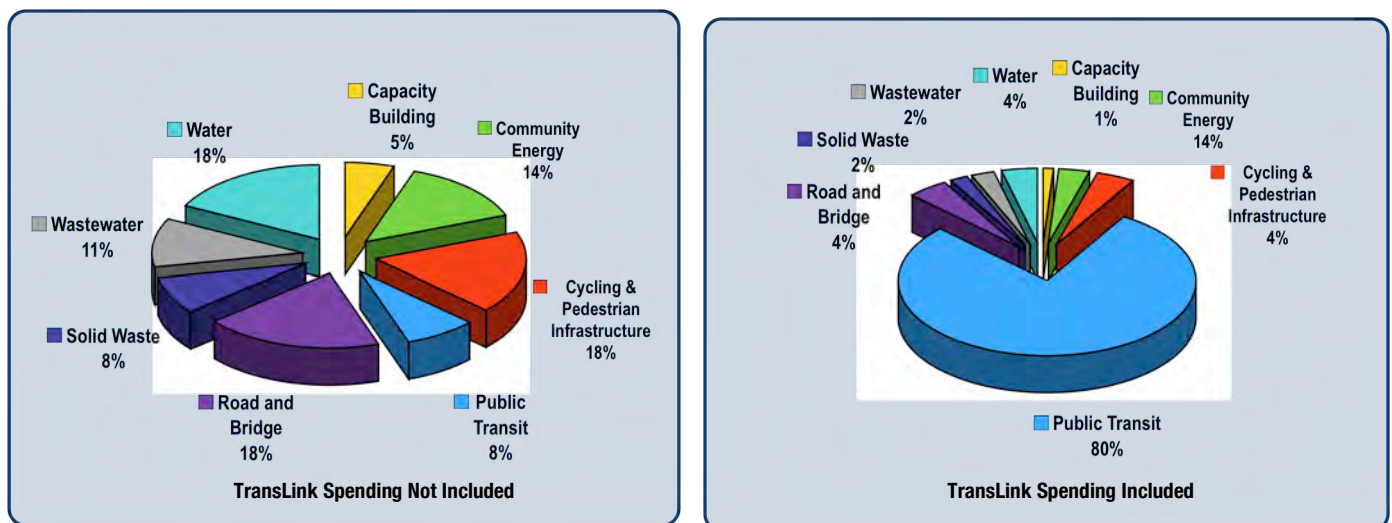
The total estimated future year Gas Tax funding includes estimates provided by recipients for locally initiated projects, as well as all remaining funding commitments under the pooled funding programs. However, the estimated funding from all other sources represents estimates in relation to CWF only. This is because the estimates provided for approved projects under the pooled funding programs (Tier 3 SPF, RSP, GSPF and IF) were provided at the time of application, and may therefore be out of date. Estimated other sources of funding will be included for these projects once they have commenced, and recipients begin to report on the projects.

**Table 4: Cost of Projects by Project Category**

	Prior year Gas Tax funding	2007 Gas Tax funding	Estimated future year Gas Tax funding	Total estimated Gas Tax funding	Estimated funding from all other sources	Total estimated project costs
Water	744,770	890,295	4,476,120	6,111,185	338,937	6,450,122
Cycling and Pedestrian Infrastructure	956,077	2,385,267	4,764,879	8,106,223	1,309,245	9,415,468
Community Energy	2,949,031	3,028,259	16,814,783	22,792,073	16,644,159	39,436,232
Capacity Building	112,303	1,285,934	17,873,427	19,271,664	711,859	19,983,523
Wastewater	965,622	3,294,323	851,855	5,111,800	18,310,056	23,421,856
Road and Bridge	1,214,746	1,333,312	7,877,750	10,425,808	1,406,952	11,832,760
Public Transit	1,551,315	1,818,419	30,726,420	34,096,154	10,237,679	44,333,833
Solid Waste	1,760,324	2,977,809	22,042,286	26,780,419	25,283,895	52,064,314
Sub-Total	10,254,188	17,013,619	105,427,520	132,695,326	74,242,782	206,938,108
TransLink <sup>2</sup> (all Transit)	34,761,344	57,225,224	33,506,853	125,493,421	8,924,947	134,418,368
<b>Total</b>	<b>45,015,532</b>	<b>74,238,843</b>	<b>138,934,373</b>	<b>258,188,747</b>	<b>83,167,729</b>	<b>341,356,476</b>

Figure 3 below shows the percentage of total estimated Gas Tax funding for each of the project categories, both including and excluding TransLink projects, given that TransLink represents such a large percentage of the overall Gas Tax spending.

**Figure 3: Total Gas Tax Funding Spent This Year by Project Category**

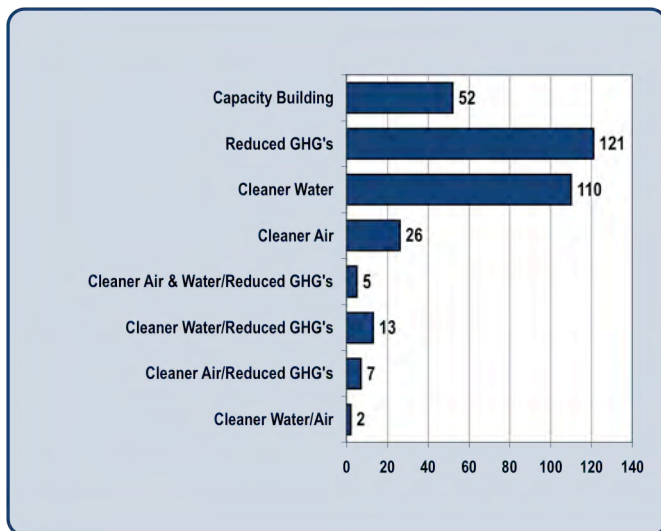


Key themes arising from these statistics are:

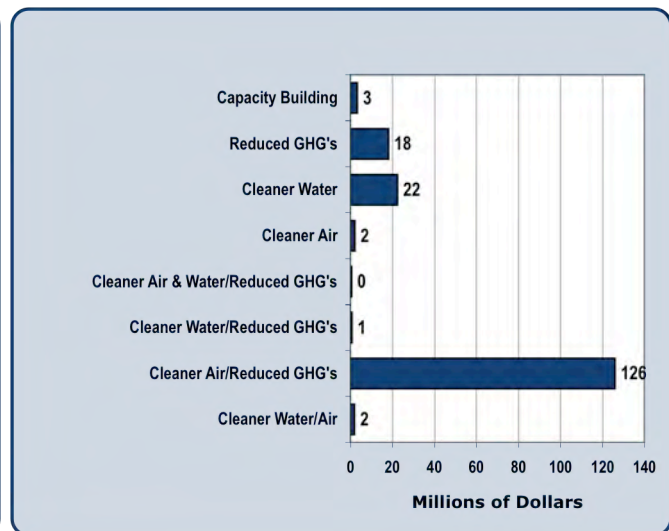
- Transit continues to be the project category in which the largest proportion of Gas Tax funding is invested. With TransLink included, transit investments are 61.8% of the total anticipated Gas Tax spending for all projects reported or approved. Even without TransLink, however, transit investments represent 25.7% of the total estimated Gas Tax spending for projects reported or approved.
- Amongst the other project categories, solid waste shows the most spending, followed closely by community energy and capacity building.
- While the table indicates that total Gas Tax funding represents about 75% of the total estimated project costs for all projects, this percentage is likely to be considerably overstated, since funding from sources other than Gas Tax is only included for the projects reported by recipients, and not for the projects approved for funding under the pooled programs. While the table of funding does not provide a separate reporting for Community Works Funds, recipient reporting indicates that total anticipated Gas Tax funding for all CWF projects reported will be about 39% of the total estimated project cost, with recipient spending for these projects contributing about 49% and other funding sources contributing about 12%.

Anticipated outcomes remain relatively consistent with previous years, with numerous projects reporting multiple outcomes, particularly with respect to cleaner air and reduced greenhouse gas emissions, and the vast majority of the total Gas Tax investment going towards projects with either or both of cleaner air or reduced GHG outcomes.

**Figure 4: Outcomes – Number of Projects**



**Figure 5: Outcomes – GTA Funds Spent or Committed**



Note: Figures 4 and 5 include only those GTF projects that have been reported as started to the end of December 2007.

## PROJECT HIGHLIGHTS

The Canada-BC-UBCM Gas Tax Agreement allows BC local governments to undertake a wide variety of eligible projects that contribute to reduced greenhouse gas emissions, cleaner air or cleaner water. There are five eligible project categories under the GTA: Public Transit; Community Energy; Water and Wastewater; Solid Waste; and Capacity Building / ICS Planning. Similarly, the Canada-BC-UBCM Public Transit Agreement provides funding for public transit infrastructure in four eligible categories: public transit systems; road systems improvements; innovative technologies; and paths and trails. This section highlights some of the projects in both programs that were initiated, implemented or completed in BC during the reporting period. While emphasizing the achievement of outcomes, the project descriptions also demonstrate additional benefits provided to local communities through the GTA and PTA.



### **Public Transit: New Systems**

The PTA in BC provided funding for new and smaller systems. Working in partnership with BC Transit, Golden has used PTA funds to implement a new public transit system providing daily service on eight routes throughout the municipality. Along with providing an affordable option to single occupancy vehicles, the new system provides service for primary, elementary and secondary school children who live outside the area serviced by buses from the local School District. To date, the route with the highest level of ridership links the town site to a local ski resort – an indicator of the important role of public transit in supporting local economic development.

Although BC Transit advises that it takes three years to mature a new system, Golden has seen steady growth in ridership over the first six months of service.



## Public Transit: Expanded Systems

Fleet expansion and the addition of fuel efficient, lower emission vehicles were the twin priorities for Year Three Gas Tax funding provided to TransLink. Investments during the reporting period will support the purchase of 199 new vehicles to service communities throughout Metro Vancouver. The new vehicles will include 69 clean diesel buses that will enhance service in Surrey,

Langley and Delta and 21 articulated diesel electric hybrid buses. TransLink will also replace older vehicles with 109 diesel electric hybrid buses. All the diesel electric hybrids can emit 20% less greenhouse gas emissions when operating in an urban environment than clean diesel or compressed natural gas models. The fleet expansion provided through the Gas Tax fund will assist TransLink in handling increases in ridership anticipated from the introduction of a new transit pass for post secondary students and expanded SeaBus passenger ferry service.



## Public Transit: Paths and Trails

The powerful current of the Elk River, which runs through the center of Sparwood, has exposed sewage and water utilities that run beneath the riverbed. Due to the location, repairs have proven unsuccessful, requiring a new solution. Sparwood has adopted an innovative approach to the issue by undertaking a pedestrian bridge that will incorporate a utilities conduit. Along with

safeguarding the Elk River from a serious risk of pollution, the new project will protect residents from loss of essential services and provide a safe, wheelchair accessible pedestrian bridge connecting the two sides of the community. At present, pedestrians crossing the river must choose between a dangerous railway trestle and a busy highway. When completed, Sparwood's project will achieve results in all three of the core outcomes for the Gas Tax program as well as making a substantial improvement to public safety.



## Public Transit: Local Roads and Bridges

The intersection of View and Vancouver Streets in Victoria BC required a high degree of maintenance over the past two decades to mitigate settling. A geotechnical review discovered that the intersection had been built upon marshland and remnants of glacial deposit. Victoria used Gas Tax funding to reconstruct the intersection with new underground utilities that incorporated catch basins designed to ex-filtrate into the

road subgrade, replenishing the peat beneath the intersection with storm water. In turn, the storm water is filtered by the subgrade and treated before entering the ocean. The redesigned intersection also includes a narrower roadway, an expanded pervious surface between the curb and sidewalk and traffic calming features. Victoria's project is an innovative example of a roadwork project leading towards the outcome of cleaner water.



## Community Energy: Micro Hydro

Lake Country will use Gas Tax funding to build a 1MW micro-hydro generation project in the existing Eldorado Reservoir waterworks facility. The project, consisting of a powerhouse, a turbine, a generator, control and protection equipment, a transformer and a three-phase 25kV line to the BC Hydro grid, will provide 2500 MW.h of renewable energy per year – enough to supply 250 homes annually. By recovering energy

that would otherwise be wasted through a pressure reducing system, the plant will eliminate 43,750 tonnes of CO<sub>2</sub> over the life of the project. The output from the micro hydro project will be sold under a long-term contract to BC Hydro.



## Community Energy: Geothermal

Castlegar's new City Hall has received the FortisBC PowerSense award demonstrating leadership in energy efficiency design. It is anticipated that the new facility will consume 50.4% less energy than a conventionally built building and will save 28,740 kg of GHG emissions annually. The most significant contributor to energy efficiency in the building is a geothermal heating and cooling unit funded through the

Gas Tax program. Additional savings in GHG production were also attained through other features such as advanced lighting design and a heat recovery system. Projections estimate that the geothermal installation will also reduce Castlegar's annual energy costs by \$16,000.



## Community Energy: Retrofitting Buildings

Faced with considerable annual maintenance costs to repair the air conditioning chiller units for the Cowichan Centre, the Cowichan Valley Regional District applied for a grant from the Regionally Significant Project Fund to purchase new equipment. The new chiller units incorporate external temperature monitoring that

adjusts the output of each unit to one of four operational levels. Measurements before and after the installation demonstrate an average saving of 1,426 kvah daily – a 62% gain in efficiency. Along with achieving the desired outcomes of the GTA, the CVRD is reducing its costs through reduced energy consumption and greatly reduced staffing requirements for maintenance.



## **Solid Waste Management: Encouraging Recycling**

The Regional District of North Okanagan (RDNO) has used Gas Tax funding to redesign the recycling facilities at the Greater Vernon Landfill facility. By relocating the recycling facilities next to the residential garbage drop-off, the RDNO made the option of recycling waste wood and metal easier and safer for residents. Early indicators show that the redesign has increased the amount of material being diverted from the landfill. In the

first month of operation, the recycling facilities received 92.9 tonnes of material, an increase of 47.5% over the same month prior to construction.



## **Water Systems: Improving Storage**

The District of Hope has access to water so pure that it is bottled and sold globally by a multinational company. Unfortunately for local residents, the quality of water delivered to homes in recent years was diminished due to aging infrastructure that included an open-air reservoir. To maintain water quality, it was necessary to run the system's pumps continuously, resulting in a loss of 200,000

gallons of water daily. In combination with a grant from the Municipal Rural Infrastructure Fund and municipal funding sources, the Gas Tax Fund contributed to the construction of a new covered, glass lined reservoirs, bringing the system into compliance with the Drinking Water Protection Act and its Regulations.



## Water Systems: Improving Treatment

Campbell River has used Gas Tax funding to add a UV Disinfection unit to its existing water treatment facilities. Combined with the current chlorination treatment process, the new UV unit will provide a second treatment barrier for waterborne pathogens, building redundancy into the treatment process that mitigates the risk of system failure. Also, the chemical

free treatment provided by the UV unit will allow lowered chlorination levels in the treatment process once the recently implemented system is stabilized.



## Water Systems: Improving Controls

One of the obstacles for maintaining water quality in communities with minimal monitoring controls is the amount of staff time required to manually check a system. With Fort Nelson's water system spread out over a wide area, checking the system manually required 3 staff hours daily and 40-50 kms of travel between checkpoints. Centralizing the data collection has made monitoring more efficient, and

allows staff to access the system remotely from home (a considerable feature for night time checks when it is -30C). The steady flow of information provided by the SCADA system also provides Fort Nelson with an improved body of data to guide its treatment strategies and prepares the way for the optimization of its treatment plant with additional SCADA controls.



## **Water Systems: Expanding Supply**

The Resort Municipality of Whistler is expanding its capacity to provide water for a growing population and the growth in tourism anticipated during the 2010 Olympics and beyond. Whistler is using Gas Tax funding to upgrade the 21 Mile Creek water system to include ground water along with surface water collection. At present, drilling operations have established a 75 L/s flow from the aquifer, providing an

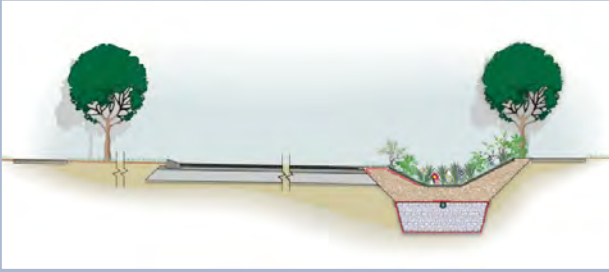
additional 12,000 bed units of water supply. Future stages in the project, which is substantially funded from municipal sources, will include the Rainbow Park Pump Station, a UV Disinfection Facility and a pipeline along Lorimer Road to the Village Center.



## **Storm Water Systems: Upgrading Facilities**

Many local governments have looked for ways to achieve multiple outcomes when undertaking a project. Faced with frequent storm water flooding along Birch St., Pemberton designed a storm water drainage project to replace the aging, undersized utilities that were the source of the problem. The municipality enhanced this eligible project by adding new pedestrian infrastructure to the street. By

providing curbs, gutters, sidewalks and benches where there were none previously, Pemberton's storm water project will also encourage pedestrian activity on this downtown street and provide a more attractive entrance into the town centre.



## Stormwater Systems: Improving Treatment

Runoff from roads is a major source of contaminants in the watersheds of the Capital region. With discharges that include lead, zinc and other heavy metals in combination with organic contaminants and motor oil, stormwater inflicts significant damage to aquatic habitats. Gas

Tax funding was approved for a View Royal project to implement an innovative filtration system that promises a low-cost, sustainable solution to stormwater treatment. In combination with a roadworks project to expand transportation modes, View Royal will build a series of raingardens, bio-swales and constructed wetlands that will filter roadwater runoff, removing 95% of heavy metals and 80% of organic contaminants from the water. The new facilities will treat the stormwater using natural vegetation and soils as opposed to chemical or mechanical means. By incorporating different types of plants that are native to the area, the maintenance costs of the facilities will be minimal. Although similar facilities have been used in the servicing of new land development, their implementation as a part of roadway rehabilitation project is new. Plans are in place to measure the improvements by comparison of storm water discharges pre- and post- construction. The end result will be improved aquatic habitat in Portage Inlet and in Esquimalt Harbour and new knowledge that can be shared with other local governments.



## Wastewater Treatment: Improving Technology

Due to aging system components, the Pine Valley treatment plant and sewer lift station operated by Cariboo Regional District were in need of repair and replacement. By adding fine bubble diffusers to the treatment equipment, the new plant will provide cleaner water and reduce the Regional District's carbon footprint. Fine bubble diffusers increase oxygen levels during sewage treatment, maximizing the

production of enzymes that break down the waste. Since the aeration system in a wastewater or sewage treatment plant consumes 50 - 70% of the energy in a typical plant, increasing oxygen transfer efficiency decreases the power required to provide the same quality of effluent water, thereby reducing GHG emissions.



## Wastewater Treatment: Expanding Capacity

The French Creek Pollution Control Centre (FCPCC) serves the communities in the northern portion of the Regional District of Nanaimo (RDN). Since construction in 1978, the population serviced by the FCPCC has more than doubled. In order to keep pace with the growing population, the RDN's Liquid Waste Management Plan included provisions to construct new process tanks to improve the solids contact in the

treatment process. Along with increasing capacity, the expansion of the tanks will also reduce the potential for suspended solids concentrations above the designed level of 3,000 mg/L. This design level allows the final effluent suspended solids to fall within the requirements of the Ministry of Environment for levels of discharge into the Strait of Georgia (60 mg/L). Funding for this project was part of a RSP project that included additional upgrades to the Greater Nanaimo Pollution Control Centre. Upgrades at the FCPCC were completed in October 2007 and early tests indicate improvements of 10% over pre-construction performance, with the average suspended solids concentrations from the solids contact tanks falling below 3,000 mg/L.

## Integrated Community Sustainability (ICS) Planning

Coldstream is undertaking an ICS Planning project consisting of five phases:

- Developing sustainability principles;
- Developing an integrated infrastructure projects mapping system;
- Creating a case study and sustainability checklist;
- Conducting sustainability review of district operations and procedures; and
- Developing sensitive ecosystem development permit guidelines.

The Coldstream Sustainability Initiative was launched with a series of meetings between Council and staff to develop a set of sustainability principles appropriate for Coldstream. Participants were introduced to the broad concept of sustainability through consideration of a series of local economic, social/cultural, and environmental issues. Through the workshops to date, participants have identified an objective of reducing green house gas emissions generated by District operations. Some of the possible measures discussed have included a requirement for the municipality to construct new municipal buildings to meet a green building standard. When considering issues of climate change and local population patterns, one of the most discussed ideas to date has been the development of an urban containment boundary to densify the community.

At this early stage in the project, some work has also begun on Phases 2-5. The Sensitive Ecosystem Inventory (SEI), required for Phase 5, for instance, is complete. The inventory has identified ecologically sensitive areas that will eventually be given the appropriate level of protection through development permit areas and guidelines in the Official Community Plan.

## **Capacity Building**

In some regions in BC, private water utilities have struggled to attain compliance with the Drinking Water Protection Act and its Regulations. With more than 30 registered water systems within its regional boundaries, the Columbia Shuswap Regional District (CSRD) is responding to the issue of failing water systems by undertaking a Water Utility Acquisition Strategy. The project has examined the difficulties of attaining sustainable and compliant community water systems under the current governance structures and proposes possible solutions, including the acquisition of water systems by the CSRD.

The Acquisition Strategy, now 75% completed, will include guidelines for the acquisition of all new water systems and refine the process for acquiring existing ones. Highest on the acquisition priority list are those water systems in the greatest need, such as escheated systems, that pose a significant health risk and other systems that are failing mechanically or financially.

The CSRD has collaborated closely with the Province of BC in the undertaking the project. Work to date on the Acquisition Strategy also provided the basis for a successful application under the GSPF to acquire, merge and upgrade the Redman Heights and MacArthur Heights escheated utilities in 2007. The Water Utility Acquisition Strategy is scheduled for adoption by the CSRD Board in October of 2008.

## **Community Assessments**

Gas Tax funding was provided for 20 projects to conduct a Community Assessment. A Community Assessment is a Capacity Building tool that allows local governments to evaluate a community's resources, context, plans and vision in order to identify local priorities for building community sustainability. Williams Lake used Community Assessment funding from the GSPF to analyze the perceptions of community sustainability among local leaders and citizens. Through a system of online surveys, questionnaires and focus groups, the study solicited feedback on a series of community vitality indicators, including the economy, environment, and arts and culture. The project drew a large number of community participants and has stimulated community engagement in planning activities, as is demonstrated by an increased number of volunteers on municipal standing committees. The process of conducting the assessment has also provided senior managers in Williams Lake with new resources for facilitating community consultations. Of the four sustainability elements, participants indicated that social sustainability considerations (such as unemployment and a lack of affordable housing) were a priority for the community. As a next step, Williams Lake will undertake community planning initiatives that use both staff and community resources to build a plan for improving the quality of life in the community.

# THE SIGNIFICANCE OF GAS TAX-PUBLIC TRANSIT FUNDING FOR COMMUNITIES

---

## Summary of GTA and PTA Co-Benefits

### Enhanced Community Health and Safety

- Increases safety for pedestrians and cyclists
- Encourages active healthy communities
- Builds community support for active transportation improvement
- Mitigates the risk of critical incidents

### Provide Long-Term Funding

- Allows banking of funds for large scale projects
- Provides resources for emergent needs
- Increases local government control

### Improve Accessibility and Mobility

- Provides better facilities for the disabled
- Improves access to essential services and amenities

### Build Local Sustainability Awareness

#### Support Local Government Collaboration

- Fosters joint projects that are regional in scope
- Aligns sustainability thinking and integration

#### Encourage Economic Development

- Supports planning for increased private investment
- Connects businesses with customers and employees

The Gas Tax Agreement focuses on the achievement of specific outcomes: the reduction of greenhouse gas emissions, cleaner air and cleaner water. In a similar way, the Public Transit Agreement funds eligible projects that support outcomes of reduced greenhouse gas emissions and cleaner air. While the emphasis in this report is on the progress in BC to achieve the desired outcomes in both programs, an exclusive focus on outcomes does not adequately portray the full value of these programs to communities. Over the past three years, as local governments in BC have planned and implemented projects, it is apparent that the GTA and PTA are improving communities in multiple ways. For example: the addition of a new transit service will reduce greenhouse gas emissions *and* provide residents with improved access to regional health care services. In order to better describe the significance of the GTA and PTA for BC communities, this section will review some of the comments shared by local governments regarding the co-benefits arising from the programs.

## Enhanced Community Health and Safety

The GTA and PTA are guided by the conviction that reduced greenhouse gas emissions, cleaner air and cleaner water are essential for community sustainability. By funding projects designed to achieve these core outcomes, the GTA and PTA will undoubtedly improve the health and safety of BC residents by contributing to a healthier environment. The GTA and PTA are also improving community health and safety in a variety of other ways. Many citizens have indicated that their concern for personal safety is a factor when considering cycling as a transportation option. Kelowna's "Rails and Trails" project, jointly funded with the provincial LocalMotion program, is a good example of a Gas Tax initiative that explicitly addresses public safety concerns. This multi-use pathway was constructed within an existing CN Railway corridor centrally located in Kelowna. The route connects a number of neighbourhoods to recreational facilities, parks, and the downtown



*Kelowna's "Rails and Trails" Project*

cultural district. By providing pedestrian controlled crossing signals at the terminal points, Rails and Trails provides safer crossings on busy arterial roads - a particular benefit to children cycling or walking to Bankhead Elementary School and the adjoining municipal sports fields.

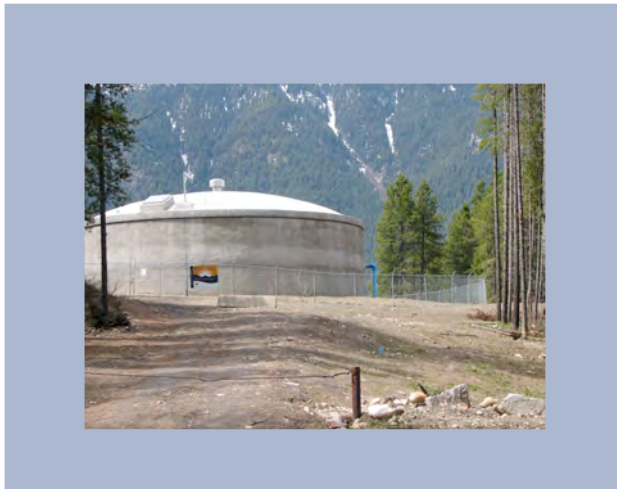
Cycling and pedestrian infrastructure improvements also support individual health by encouraging local residents to choose active transportation. European jurisdictions consistently show an inverse relationship between the proportion of citizens who cycle regularly and rates of heart disease and other health problems related to sedentary lifestyles. Similarly, Victoria residents, who have the

highest participation rates for cycling and walking in Canada, also demonstrate the lowest national rates for obesity. By providing better pedestrian and cycling infrastructure, the Gas Tax and Public Transit programs will encourage even more citizens to become physically active. The Capital Regional District estimates that the 17 km E&N Rail Trail, which will connect the fast growing Westshore with downtown Victoria, will generate 200,000 new pedestrian and cycling trips in its first year. Local governments have also noted that the addition of pedestrian trails and bike lanes creates a multiplier effect. Kamloops found that the construction of a pedestrian walkway with Gas Tax funding led to increased requests for additional walkways and cycling facilities in other neighbourhoods. In response, Council authorized the expansion of the Bicycle Master Plan to accommodate "recreational commuters" and "recreational cyclists", enhancements which will in turn lead to new pedestrian and cycling infrastructure improvements and a more active community.

The program design of the GTA also provides an additional health and safety benefit by mitigating the risk of critical public health incidents. By providing up to 100% funding for projects, the GTA allowed Nakusp to begin construction on the Brouse Creek Water Treatment plant 5-10 years sooner than would have been possible otherwise. By accelerating the start-up of the project, the GTA will dramatically reduce the timeframe within which residents are likely to be exposed to the waterborne diseases associated with high levels of turbidity.

## **Provide Predictable Long Term Funding**

One of the most valuable aspects of the Gas Tax program is that it provides local governments with predictable long term funding within a format adaptable to local priorities. Some local governments, for instance, are taking advantage of the opportunity afforded by the GTA to bank allocations over a number of years. This feature allows local governments to carefully assess local needs and undertake projects that are larger in scale. Alberni-Clayoquot Regional District (ACRD) is banking its Community Works funding in order to build a micro-hydro project in partnership with a local First Nations community. Gas Tax funds will allow the ACRD to become an equity partner and part owner of the eventual project. When completed, the micro-hydro project will provide clean energy for local residents, reduce reliance upon hydro from the mainland and provide an ongoing revenue stream to the Regional District. Without the predictability provided by long-term funding commitment of the Community Works program, the ACRD would have little hope of participating in a project on this scale.



*Sparwood Proper Reservoir*

72% more material annually than the four-year average prior to construction. Gas Tax funding has helped Tumbler Ridge ensure that recycling services will be in place for local residences and businesses on a long-term basis.

Allocated funding also provides local governments with more control over the implementation of the capital projects. Many local governments have experienced delays or missed opportunities when awaiting granting decisions from funding programs, particularly in northern communities with short construction seasons. Access to allocated funding means that local governments can undertake projects in optimal conditions. These are just a few of the many ways in which the predictable, long-term funding provided through the Community Works program benefits BC communities.

Allocated funding also allows local governments to respond to emergent needs. Sparwood used Community Works funding to cover dramatic increases in construction costs during repairs to its water reservoir. With Gas Tax funding immediately available, Sparwood did not have to go through the uncertain, costly and time-consuming process of developing grant applications or divert local funding from other projects. Tumbler Ridge has also used Community Works funding to respond to an emergent need. When a private recycling firm discontinued its contract, the District built a new recycling facility with customized sorting and loading areas. By improving the efficiency of operations, the completed facility is processing



*Tumbler Ridge Recycling Centre*

## **Build Public Sustainability Awareness**

The Gas Tax Agreement is building civic awareness of local sustainability issues. Saanich is using GTA funding to implement a municipal-wide Climate and Energy Action Reduction (CLEAR) Plan to address, among other objectives, the reduction of GHG emissions and energy consumption by local residents. Utilizing a proven social marketing strategy, local residents will provide input to the CLEAR Plan through public meetings and a virtual open house on the municipal website. Saanich will also stage a series of four public workshops to suggest ways for local residents and businesses to reduce energy consumption. The workshops, which are anticipated to attract 200-300 participants, will be presented in partnership with the University of Victoria, City Green (an energy efficiency assessment firm) and BC Hydro. Through this funding, the Gas Tax Fund is supporting community engagement that will increase awareness, affect individual behaviour and reduce GHG emissions.

## Improve Accessibility and Mobility



*TransLink's Nova Clean Diesel Bus*

The infrastructure investments resulting from the Gas Tax and Public Transit funds have improved accessibility and mobility in BC communities. Public transit systems across BC have received substantial investments from the GTA and PTA, facilitating the purchase of 551 buses, trolley cars or and light rail cars over the first three years of the programs. By replacing older vehicles and expanding existing fleets, transit systems in BC are more accessible than ever before. In the spring of 2008, TransLink announced that Metro Vancouver's transit system had achieved full accessibility for the first time in its history thanks to GTA funding for fleet replacements. Many other transit systems are also using GTA and PTA funding to

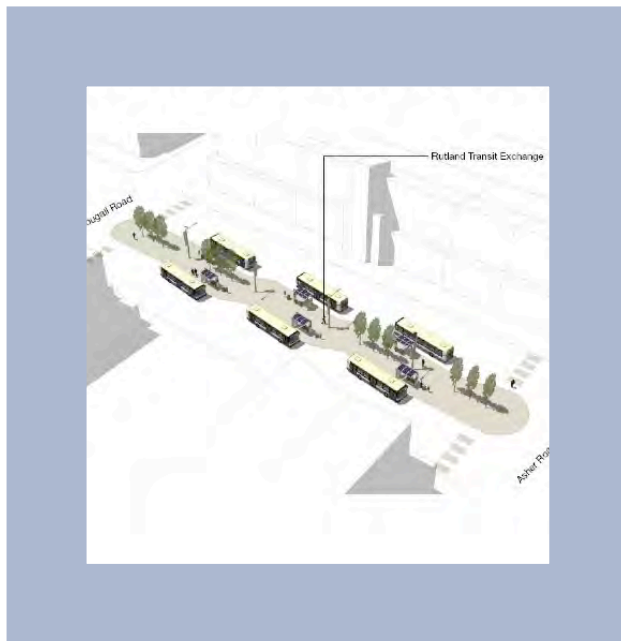
provide bus shelters, transit exchanges and washroom facilities that support an increase in ridership and that provide greater access to disabled persons.

Community accessibility has also been enhanced through pedestrian infrastructure improvements. Richmond's project to increase cycling and pedestrian capacity along the No. 3 Road will optimize access for disabled persons. The curb returns at each intersection will be barrier free, assisting pedestrians utilizing wheelchairs, scooters or walkers. Persons with sight impairments will benefit from a yellow tactile strip imbedded in the curb returns that will guide pedestrians safely into the intersections. The tactile strip in turn will intersect with a yellow bubble pad to each intersection to signal the transition point from the sidewalk to the roadway. Each intersection will also include audible pedestrian signals and LED street signs.

Investment in public transit systems across BC has also improved community mobility. For smaller communities, expanding transportation options between communities is a high priority. Thompson Nicola Regional District, working in partnership with BC Transit, developed a flexible transit service between Ashcroft, Cache Creek and Clinton through PTA funding. The new service provides a vital link for residents in Cache Creek and Clinton utilizing health care services from the hospital and general practitioners located in Ashcroft. Since Ashcroft is also the market centre for the region, the introduction of the system has improved access to basic amenities for residents from the neighbouring communities.



*Transit Riders in Cache Creek*



*Concept for Kelowna's Rutland Exchange*

The GTA and PTA also contributed to improved mobility through public transit, with BC Transit reporting a 5% increase in ridership during 2007/2008. During the same period, Kelowna's ridership increased by 18.1%, the second largest increase in Canada. Analysis of Kelowna's increase points to two linked contributing factors: the introduction of a bus pass program for university students (funded outside of the GTA and PTA programs) and the launch of an express route providing service from the downtown to the university. The new express route, the first phase a regional Bus Rapid Transit system, was accelerated thanks to Gas Tax funding for the construction of a series of transit exchanges integral to the system when complete. With the knowledge that funding was in place to cover this portion of its infrastructure costs, Kelowna was able to focus local funding on the implementation of service.

## Support Local Government Collaboration

The scale of sustainability issues facing many BC communities necessitates inter-jurisdictional collaboration. The Gas Tax Agreement in BC uses a variety of means to encourage local governments to work together to address regional infrastructure issues. The Regionally Significant Projects program, for example, sets aside funding for regional infrastructure priorities in eight urbanized areas. As well, the General Strategic Priorities and Innovations Funds programs encourage applications that are regional in impact and reflect inter-jurisdictional cooperation. The municipalities of Courtenay, Comox and Cumberland along with Electoral Areas A, B and C of Comox Valley Regional District (CVRD) combined Community Works funding along with a successful joint application from the Innovations Fund program to launch an elected officials forum on sustainability. The forum has paved the way for the development of a Regional Growth Strategy (now underway) and the creation of an inter-jurisdictional Sustainability Team. The new Sustainability Team will oversee the harmonization of Development Cost Charges, improve the local transit strategy and establish an ongoing sustainable development taskforce. By combining forces Courtenay, Comox, Cumberland and the CVRD are working to safeguard community sustainability and keep pace with a rapidly expanding population.

The GTA also impacts local government collaboration through the requirement of all recipients to undertake Integrated Community Sustainability Planning, either individually or as part of a regional strategy. Many local governments have noted the immediate impact of this requirement internally, particularly when integrating plans across departments. Local governments have also observed that the requirement of ICS planning activities over the long-term will lead to a greater alignment of sustainability thinking among BC communities. This alignment, in turn, will facilitate better regional and inter-jurisdictional planning.

## Encourage Economic Development

The Gas Tax and Public Transit programs are also playing a vital role to support community economic development. Mission is undertaking a Capacity Building project to revitalize the 150-



*Mission Landing Waterfront*

acre waterfront area of Mission Landing. At present, Mission Landing is dramatically underutilized, with nearly 70 acres of vacant space and a limited number of industrial and commercial operations. After several attempts to stimulate economic development through rezoning, the city is using Gas Tax funding to address significant impediments to investment, including geo-technical work to rehabilitate the existing dyke and the remediation of contaminated land. The long-term goal is to create an urban village where residents will have the opportunity to live and work in close proximity to educational, cultural and civic amenities. The site will also maximize efficiencies in the existing transportation system and provide future residents with option of being car-free. Conservative estimates

indicate that with an initial \$1.5 million investment in planning and rehabilitation work, Mission Landing will attract \$1.5 billion in additional investment.

Public transit investments through the GTA and PTA also contribute to economic development. Public transit services use road space more efficiently than single-occupancy vehicles, reducing congestion and accelerating the movement of goods. New public transit investments also create new relationships in communities between businesses, employees and consumers. For example, by linking a series of isolated neighbourhoods with a new transit system, Merritt has created new links between a local college and the downtown retail area, creating job opportunities for students and new customers for businesses.

## Conclusion

This section has outlined the multiple ways in which the GTA and PTA enhance life for citizens in BC. These illustrations, representing only a handful of the local governments receiving funding, demonstrate that both programs work together to provide:

- Safer, healthier communities;
- Predictable long-term funding that is adaptable to local priorities;
- Improved community accessibility and mobility;
- Greater civic engagement for local sustainability issues;
- Increased local government collaboration; and
- An improved environment for economic development.

With many more projects due to be built in the coming years, greater detail on the co-benefits of the programs will be reported in future reports.

# FINANCIAL AND COMPLIANCE REPORTING

---

## AMOUNTS RECEIVED AND DISBURSED

The following table sets out receipts and disbursements of Gas Tax and Public Transit Funds for the reporting period and cumulatively for both UBCM and recipients, in the aggregate. Following that table is a reconciliation of opening balances this year, as compared to closing balances reported for the previous year. All of these differences result from prior period adjustments, which were identified either during the current year audit process, or as a result of UBCM follow-up on the prior year Annual Reports.

UBCM is required to report on the basis of a year ending March 31, but recipient reporting may be adjusted to the year-end of the recipient. Consequently, while the reporting period for UBCM is April 1, 2007 to March 31, 2008, the reporting period for most recipients is January 1, 2006 to December 31, 2006. The one exception to this general rule for recipients is BC Transit, which operates on a March 31 year-end, and therefore reports on that basis. This difference in reporting periods can result in UBCM reporting a different amount transferred to recipients than the recipients report receiving. Included in UBCM's transfers are payments made in the January to March 2008 period, which are not included in recipients' reporting of transfers received from UBCM. Included in recipients' reporting of transfers are payments in the January to March 2007 period, which are not included in UBCM's transfers to recipients this year, since they were included in a prior year. Details of these transfers are footnoted in the table.

The table indicates UBCM distribution of \$200 million of the \$254.2 million in Gas Tax funds it has received to date, a distribution rate of about 78.7%. However, this increases to over 100% when the \$84.7 million in committed funds in relation to approved pooled fund applications is included. UBCM managed the pooled programs on the basis of the five-year funding allocation, and has thus committed funding under these programs that will be received in future years. Sufficient funding to meet these commitments was received in the 2008/09 fiscal year.

UBCM has distributed \$46.8 million of the \$52.5 million it received in Public Transit funds, for a distribution rate of 89.1%. Funds distributed to date have primarily been in relation to the larger transit systems in the province, along with funding allocated for new transit systems. It has taken somewhat longer than expected to identify funding priorities for some of the smaller transit systems, although significant progress in this regard has been made subsequent to the reporting period.

The table also indicates interest income and administration costs for both UBCM and Eligible Recipients. An important feature of both the agreements is that unspent funds generating interest in the hands of UBCM or recipients may be used towards the cost of administering the programs or towards additional infrastructure and capacity building investments. The funds have generated interest of over \$12.3 million to date, while administration costs to date are about \$1.2 million. Consequently, \$11.1 million has been made available for eligible projects, or to support future administration costs. The benefits of this program feature are already becoming evident. TransLink's 2007 reporting indicates spending of \$3 million interest earnings on eligible projects.

**Table 5: Schedule of Receipts and Disbursements (GTA, Schedule E; PTA, Schedule D)**

	GAS TAX AGREEMENT		PUBLIC TRANSIT AGREEMENT	
	April 1, 2007 to March 31, 2008	Cumulative Date of Signing to March 31, 2008	April 1, 2007 to March 31, 2008	Cumulative Date of Signing to March 31, 2008
<b>UBCM</b>				
Opening Balance of unspent funding	33,975,597.00	0.00	7,585,763.00	0.00
Received from Canada	101,696,000.00	254,240,000.00	0.00	52,543,010.00
Interest and other investment income	2,489,465.30	4,436,466.30	371,254.16	1,657,753.16
<b>Sub-Total (total available for spending)</b>	138,161,062.30	258,676,466.30	7,957,017.16	54,200,763.16
Transferred to Eligible Recipients	79,927,959.82 <sup>1</sup>	200,006,132.82	555,598.00 <sup>2</sup>	46,764,825.00
Spent on Administration Costs	466,786.49	904,017.49	51,863.51	86,382.51
<b>Sub-Total (total spending)</b>	80,394,746.31	200,910,150.31	607,461.51	46,851,207.51
<b>Closing Balance of Unspent Funding</b>	<b>57,766,315.99</b>	<b>57,766,315.99</b>	<b>7,349,555.65</b>	<b>7,349,555.65</b>
<b>Eligible Recipients in Aggregate</b>				
	GAS TAX AGREEMENT		PUBLIC TRANSIT AGREEMENT	
	January 1 to December 31, 2007	Cumulative Date of Signing to December 31, 2007	January 1 to December 31, 2007	Cumulative Date Of Signing to December 31, 2007
Opening balance of unspent funding	77,448,301.12	0.00	4,405,446.00	0.00
Received from UBCM	79,601,745.35 <sup>3</sup>	199,621,479.35	5,153,255.00 <sup>4</sup>	46,209,227.00
Interest and other investment income	3,214,086.76	5,698,220.61	384,795.55	540,888.55
<b>Sub-Total (total available for spending)</b>	160,264,133.23	205,319,699.96	9,943,496.55	46,750,115.55
Spent on Eligible Projects	74,238,843.39	119,254,375.12	6,251,135.17	43,057,754.17
Spent on Administration Costs	122,075.45	162,110.45	15,589.00	15,589.00
<b>Sub-Total (total spending)</b>	74,360,918.84	119,416,485.57	6,266,724.17	43,073,343.17
<b>Closing Balance of Unspent Funding</b>	<b>85,903,214.39</b>	<b>85,903,214.39</b>	<b>3,676,772.38</b>	<b>3,676,772.38</b>

1: Includes payments made January to March 2008, not included in Eligible Recipient amounts received (Langford \$123,004; Barriere \$24,388; Clearwater \$29,393; Port Hardy \$51,039; Central Okanagan \$146,301; Westside \$10,528)

2: Includes payments made January to March 2008, not included in Eligible Recipient amounts received (Port Alberni \$75,415; Terrace \$63,793; Williams Lake \$36,286; Kitimat \$65,489; Okanagan-Similkameen \$19,560; Sunshine Coast \$128,401; Cranbrook \$54,961; Quesnel \$30,551; Cowichan Valley \$81,142)

3: Includes payments made January to March 2007, reported by UBCM as transferred in prior year (Oliver \$58,426)

4: Includes payments made January to March 2007 reported by UBCM as transferred in prior year (BC Transit \$5,153,255)

**Table 6: Restatement Of Prior Year Recipient Reporting**

This table reconciles the Eligible Recipient Aggregated Closing Balance of Unspent Funding as at December 31, 2006, as reported in UBCM's September 2007 report, with the Opening Balance of Unspent Funding as at January 1, 2007, as reported on the previous page. Subsequent events can occasionally require a restatement of prior year data, which is the case with these nine recipients.

	Opening Balance of Unspent Funding	Received From UBCM	Interest Income	Spent On Eligible Projects	Spent On Admin Costs	Closing Balance of Unspent Funding
<b>Eligible Recipient Financial Data January 1 to December 31, 2006, as previously stated</b>	16,923,964	101,613,830	2,460,519	43,093,004	39,210	77,866,099
<b>Recipient reporting subsequent to the submission of the previous Annual Expenditure Report:</b>						
Mount Waddington			2,256	12,372		(10,116)
<b>Restatement of previously reported interest income:</b>						
Port Alberni			1,432			1,432
Kitimat			2,659			2,659
Highlands			1,726			
<b>Restatement of previously reported projects:</b>						
Abbotsford				(226,817)		226,817
Kimberley				(5,833)		5,833
Dawson Creek				(8,247)		8,247
<b>Inclusion of projects not previously reported:</b>						
Vernon				594,403		(594,403)
Dawson Creek				59,993		(59,993)
<b>Eligible Recipient Annual Financial Data January 1 to December 31, 2006, As Restated</b>	16,923,964	101,613,830	2,468,592	43,518,875	39,210	77,448,301

# RECIPIENT COMPLIANCE AND REPORTING

The recipient accountability framework relies on three major elements:

- Recipients file an Annual Report on the funds they received and the use of those funds, including details of the eligible projects funded;
- Financial Officers certify that to the best of their knowledge, the Annual Report is complete and accurate and that the recipient has complied with all material provisions of the funding agreement; and
- The Province annually reports to UBCM on relevant financial data included in the recipient's audited financial statements, whether the financial statement included a qualified audit opinion in relation to Gas Tax or Public Transit funds, recipient compliance with rules of the Public Sector Accounting Board, and the amount of capital spending by recipients from their own sources.

UBCM relies on this accountability framework in relation to its responsibility to enforce the terms on conditions of funding agreements, and as such, withholds further payments to recipients that fail to file an Annual Report or the required certifications, or in the event the recipient's audited financial statements indicate a qualified audit opinion related to the funds. The Province has confirmed that there are no qualified audit opinions that relate to Gas Tax or Public Transit in any of the audited financial statements that have been filed to date.

## Annual Reports and Financial Officer Certifications

There were 165 recipients that were required to file an Annual Report and the Financial Officer certification this year, and to date, all but one have done so. Further payments for that recipient are being held pending receipt of this information. In addition, six recipients have not yet filed their audited financial statements with the Province; hence, the Province is not yet able to confirm that there are no qualified audit opinions in relation to these jurisdictions. Since UBCM places reliance on the audit opinion in these financial statements, further Gas Tax payments are being withheld for these recipients until such time as the Province is able to confirm that the financial statement audit opinion is not qualified as a result of Gas Tax or Public Transit funds.

**99.39% of recipients  
have filed Gas Tax  
Reports and Financial  
Officer Certificates.**

## PSAB Compliance

UBCM has also consulted with our Provincial Government partner with respect to local government recipient obligations to prepare financial statements in accordance with the rules established by the Public Sector Accounting Board (PSAB), since the Province annually receives local government financial statements and reviews these for PSAB compliance. The Province advises that the majority of local government financial statements are completely PSAB compliant and that the remainder are materially compliant with PSAB. In addition, the Province is working with the Government Financial Officers' Association and the Canadian Institute of Chartered Accountants to help ensure a smooth transition to the new PSAB tangible capital asset rules.

## Reconciliation of Audited Financial Statements to Annual Reports

UBCM also relies on the Province's review of audited financial statement information related to Gas Tax and Public Transit funds and a comparison of that information with information reported by local government recipients in their Annual Report to UBCM. Reconciliation of financial information from those two sources provides assurance that the information in the Annual Report is complete and accurate. In all circumstances where the information does not reconcile, UBCM follows up with the recipient to identify the differences, and, where appropriate, correct any inconsistencies in the Annual Report. While this process is still ongoing, UBCM has confirmed material consistency between the audited financial statements and the recipient's Annual Report for 89.9% of local government recipients that have filed both the Annual Report and audited financial statement. Of those where an inconsistency remains, 3.8% cannot be corrected immediately because the inconsistency has brought to light a need to change the audited financial statement next year. Therefore, only 6.3% [or 10 jurisdictions] require further follow up and resolution.

## Capital Investment Plans

The Province also annually receives a 5-year financial plan from local governments and has advised UBCM that a financial plan is on file for each local government. These plans are statutorily required for all local governments and are equivalent to the Capital Investment Plans required under the Gas Tax Agreement because the required content includes setting out amounts needed for capital purposes, and the process requirements include public consultation prior to adoption by the elected Council or Board. Therefore, every local government has met its requirement to prepare a Capital Investment Plan through development of its financial plan.

## Transit Strategies

The Public Transit Agreement requires recipients to make a transit strategy publicly available. Transit strategies for all recipients of public transit funds are available electronically at the following locations:

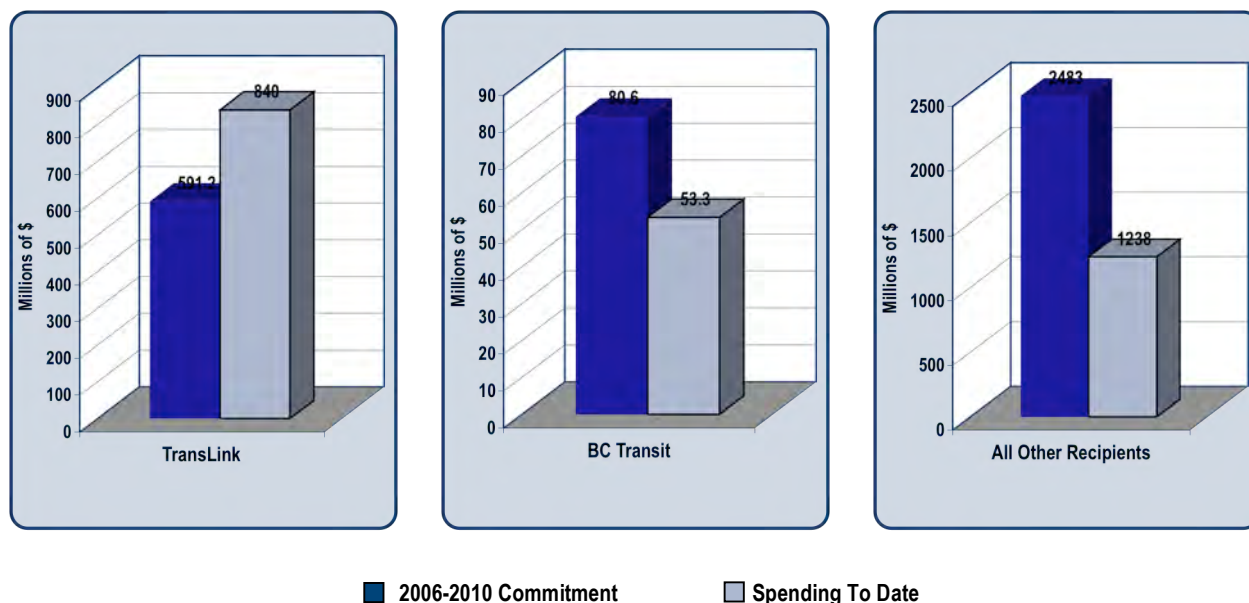
- for the TransLink system:  
[www.translink.bc.ca/Plans/default.asp](http://www.translink.bc.ca/Plans/default.asp)
- for the BC Transit/Kamloops system:  
[www.kamloops.ca/transportation/plans.shtml](http://www.kamloops.ca/transportation/plans.shtml)
- for the BC Transit/Victoria Regional Transit Commission system:  
[www.crd.bc.ca/transportation/travelchoices.htm](http://www.crd.bc.ca/transportation/travelchoices.htm)
- for the new transit systems:  
[www.transitbc.com/regions/](http://www.transitbc.com/regions/) [from this link, click on each of the individual transit systems, and look to the document library]

**Transit strategies are available online for each of the PTA recipients.**

## Incrementality

The incrementality requirements in relation to recipients are multi-year commitments in that the recipients are required to spend in excess of certain thresholds over the period from 2006-2010 and there is no requirement that a particular level of spending be met in an individual year. Consequently, the following is presented not as an indication that recipients have met their commitments this year, but rather to show progress toward meeting the cumulative 2006-2010 commitment.

**Figure 6: Progress Towards Meeting 5 Year Incrementality Commitments**



## UBCM COMPLIANCE AND REPORTING

UBCM's Compliance and Financial Reporting is the subject of the Audit Report required under both the Gas Tax and Public Transit Agreements, set out herein as Appendix 1. There are four audit opinions given, one for each of the GTA and PTA, in relation to the schedule of receipts and disbursements attached to the applicable audit opinion, and one for each of the GTA and PTA in relation to UBCM's compliance with the evaluation criteria attached to the applicable audit opinion.

In addition, the Gas Tax and Public Transit Agreements require that UBCM's Annual Expenditure Report include a narrative on the progress that UBCM has made in meeting its commitments and contributions.

UBCM's commitments can be grouped into six themes:

- **Leadership in programming:** UBCM plays a leadership role in implementation of the Agreement, including administration of the programs;
- **Ensuring Recipient Compliance:** Ensuring that all funding agreements include provisions requiring recipients to comply with the terms and conditions of the Agreements, and enforcing the terms and conditions of all funding agreements;
- **Promoting Planning and Collaboration:** Promoting integrated community sustainability planning, local government cross-jurisdictional initiatives, and local government-First Nations collaborations;
- **Funds Management:** Accepting and allocating funds in accordance with the Agreements, ensuring their use for eligible projects, and using interest only for eligible projects or administration costs;
- **Reporting:** Reporting to Canada and British Columbia annually through its Annual Expenditure Report, to allow for a standardized reporting of results, and evaluate results and report on achievement of outcomes (by December 30, 2009); and
- **Communications:** Follow the terms of the Communications Protocol.

## **Leadership in Programming**

As part of its leadership commitment, UBCM, along with our federal and provincial partners, became the first jurisdiction in Canada to sign a Gas Tax extension agreement, securing funding for the 2010/11 to 2013/14 period. This agreement will see just over \$1 billion in Gas Tax funding delivered to local governments and other recipients during these funding years.

In addition, the partners identified a need to expand the range of eligible project categories available for Tier 3 local governments, and worked proactively to amend the Gas Tax Agreement to do so. These amendments provide these local governments the opportunity to apply for community energy, and capacity building/ICS planning funding from the Innovations Fund.

## **Ensuring Recipient Compliance**

This topic is primarily dealt with in the narrative provided in the “Recipient Compliance and Reporting” section beginning on page 30. Highlights of that section include the high degree of recipient compliance with funding agreements, UBCM follow up on any items that require clarification, and withholding of future funding for individual recipients until their reporting and compliance procedures are finalized. The Audit Reports in Appendix I also provide audit opinions in relation to some of these compliance procedures.

## **Promoting Planning and Collaboration**

UBCM has committed to support Integrated Community Sustainability Planning over the life of the Gas Tax Agreement. The General Strategic Priorities Fund and Innovations Fund programs specifically set aside 5% of the available funding to support ICS planning, and UBCM highlighted these funding opportunities in its invitation to submit applications in December, 2007, through a separate program guide for capacity building and ICS planning projects. In addition, UBCM has produced a Capacity Building/ICS Planning Guide, to help local governments understand and fulfill their commitment to ICS planning. This guide is available to local governments, and the public, on our website at: <http://ubcm.fileprosite.com/contentengine/launch.asp?ID=3838>.

Promoting cross-jurisdictional initiatives has primarily been accomplished through the Regionally Significant Project program, which provided a reservation of Strategic Priorities Fund funding for each of the Tier 2 regions. The program design was focused on having each of the eligible regions work together on establishing regional infrastructure and capacity building priorities.

Local Government-First Nations collaborations are supported through the pooled funding programs by encouraging joint First Nations and Local Government applications. Although there were no joint applications for capital projects, at least one approved Community Assessment project will be undertaken jointly by a local government and a First Nations community. These assessments will help the participants to recognize their current state of readiness for sustainability planning and can help to identify next steps. Such collaborative efforts can be the first step in building the relationships needed to focus on joint infrastructure projects.

## Funds Management

UBCM is required to accept Funds provided by Canada, record them in a separate and distinct account, transfer them in a timely manner to recipients solely for eligible projects, and use any interest earned towards either eligible projects or administration costs set out in a business case approved by the federal Minister. The Audit Report in Appendix I provides an opinion that UBCM is compliant with the evaluation criteria developed in relation to this commitment. In addition, the “Amounts Received and Disbursed” section beginning on page 27, sets out a summary of funds received and distributed, interest income and administration costs, and Table 5, the “Schedule of Receipts and Disbursements” provides both current year and cumulative financial data for each of the Gas Tax and Public Transit agreements.

**Total funding received by UBCM from date of signing to March 31, 2008 was \$306.8 million. During that period we earned just over \$6.1 million in interest on these Funds, and our administration costs were just under \$1 million. Administration costs are therefore about 16.4% of the interest income, and .3% of the Funds distributed.**

## Reporting

Until 2009, our reporting requirement is fulfilled through submission of the Annual Expenditure Report by September 30 each year. That reporting will continue annually throughout the term of the Gas Tax and Public Transit Agreements. In addition, we will report on outcomes achieved by December 30, 2009, and periodically thereafter. Progress towards the outcome reporting commitment this year has primarily focused on development of a set of outcome indicators to be used for the purpose of that reporting. The Partnership Committee is ultimately responsible for determining the suite of indicators that will be used, but during the reporting period, UBCM has worked with our federal and provincial partners with the aim of providing advice to the Partnership Committee next year on appropriate indicators.

## Communications: Telling The Gas Tax Story In BC Communities



*Media Assemble for Translink Announcement*

The GTA and PTA include communications protocols to ensure transparency and public accountability in both programs for Canadians. Extensive work was undertaken during the reporting period to fulfill the communications protocol for each program. Infrastructure Canada's Online Toolkit [www.ourcommunities-noscollectivites.gc.ca/region/bc\\_e.shtml](http://www.ourcommunities-noscollectivites.gc.ca/region/bc_e.shtml) was customized to provide resources and guidelines to assist local governments with communication planning. The parties to the GTA and PTA also developed a joint strategic Communications Plan, reflecting the collaborative approach to

communications that evolved through the delivery of a series of events. The Plan remains a living document, with periodic updates and improvements to integrate the knowledge gained from the evaluation of events and media coverage. The Partnership Committee received the Plan for review at its February 2008 meeting.

Additional work to fulfill the communication protocols included a presentation by UBCM to the BC Caucus of the Federal Government. The presentation highlighted the unique program design of the GTA, the implementation process, and the variety of projects that had been undertaken to date. A similar presentation was delivered to MLA's at a UBCM sponsored breakfast. Local government engagement in GTA – PTA communications was also encouraged through UBCM participation in a province-wide meeting of local government communications staff, direct mail, and a dedicated page featuring Gas Tax and Public Transit projects in the quarterly "UBCM News". As well, UBCM continues to assist local governments and other eligible recipients in the development of joint communications products.

### Events That Demonstrate Results

In order to solicit media coverage focused on outcomes and community benefits, many funding announcements in BC have incorporated demonstrations and facility tours. In Victoria, communications and engineering staff worked together to build a working model to demonstrate an innovative sewer rehabilitation technology. Nanaimo Regional District provided a walking tour narrated by the Liquid Waste Manager to convey the impact of upgrades to the Greater Nanaimo Pollution Control Centre. Media from within the Central Okanagan region were able to "test-drive" the new Bus Rapid Transit service with the dignitaries en route to a press conference. In these and other events, the enhanced activities produced in depth coverage that emphasized the desired outcomes of the projects.

### Media Analysis

The strategic Communications Plan is focused on generating earned media through news releases and events that have been jointly coordinated and executed by the parties of the PTA and GTA. It is important to note that media coverage for both programs is also generated through local initiatives, such as earned media, paid media, and editorials. This section will provide some analysis of the media coverage resulting from both jointly coordinated and local sources.



*"Test Driving" Bus Rapid Transit in Kelowna*

Over the past year, the parties of the GTA and PTA have worked with local governments and other eligible recipients to undertake 21 funding announcements and events. As a result of this work:



*Demonstrating New Technology in Victoria*

- 43 projects were featured, promoting the investment of over \$123.2 million;
- 30 local governments and other eligible recipients participated;
- Every event modeled the partnership within the GTA and PTA by including representatives from Canada, BC, UBCM and local governments;
- Events were held in small and large communities and in every region of the province;
- Over 100 earned media stories were published or broadcast for print, radio and television.

UBCM conducts media monitoring of print coverage in a variety of daily and community newspapers. During the reporting period there were 48 articles that reported on GTA or PTA funded projects. Of these, 26 were generated by joint communications and 22 were generated locally. A content analysis of the articles (Table 7) yields a number of observations:

1. Locally generated news stories are playing an important role in the promotion of the Gas Tax and Public Transit programs.
2. Canada’s investments are being clearly demonstrated through both communications sources.
3. Joint communications improves the chances that media will highlight the desired program outcomes and correctly identify the program brand.
4. Media generated from both sources demonstrate an equal interest in program outcomes and the co-benefits of projects.

**Table 7: Content Analysis of Media Articles**

Indicators	Joint Communications	Local Communications
Recognition of Federal Funding Source	96%	95%
Exact Recognition of “Gas Tax Fund”, “Gas Tax Agreement”, “Public Transit Fund” or “Public Transit Agreement”	77%	45%
Attribution of Program Outcomes or Environmental Benefits	80%	68%
Attribution of Other Benefits	77%	68%

# SUMMARY AND LOOKING AHEAD

---

Gas Tax and Public Transit investments are paying dividends in BC. While the program is in its early years, communities benefiting from the significant increase in infrastructure activity that has been made possible by these programs. Infrastructure investments are not only helping to move the community towards the environmental sustainability goals of the agreements, but are providing significant health, social and economic benefits.

Integrated community sustainability planning is sharpening a community's vision for a truly sustainable future. Collaboration and community engagement processes supported by the programs will reap benefits far into the future.

Gas Tax funding has proven to be a significant force in leveraging other capital investment in communities across BC, and it has shown its potential as a catalyst for sparking innovative ideas and approaches to develop sustainable communities and infrastructure.

As we look forward to the year ahead, we set in motion a focus on maximizing these benefits for the future. Our work on outcome indicators will be completed shortly, allowing us a better means to measure the performance of the programs and the investments they support. A mid-point program evaluation, to be completed in early 2009, will provide us the information we need to assess the program accomplishments to date and to identify what enhancements can be made to ensure continued success.

Communication activities will focus on fostering public awareness of the wide-ranging benefits achieved through the investments, and the real difference these investments are making to every BC community, both now and into the future.

Over the next year, we also intend to focus on outreach activities with communities, to help build capacity in those communities to make the best use of the funding, and the opportunities it generates. We intend to build on a solid foundation of understanding of the programs goals and objectives and the opportunities it affords, and we want to support greater inter-jurisdictional and First Nations collaboration on infrastructure and capacity building initiatives.

In addition, our outreach program will help to build linkages between the Gas Tax and Public Transit programs and complementary initiatives of our federal and provincial partners, such as the Joint UBCM-Provincial Green Communities Committee, the provincial Smart Planning for Communities program, and the federally funded Green Municipal Fund, administered by the Federation of Canadian Municipalities. These are just a few of the programs aimed at supporting sustainable communities, and we want to help local governments take advantage of the synergies the programs can create.

## **Outreach activities:**

- **Building community capacity**
- **Supporting collaboration**
- **Fostering program linkages**

Local governments in BC have shown that they are leaders and innovators. They have accomplished much during the first three years of these programs, and we look forward to supporting them as they move towards their sustainability vision for the future.

# APPENDIX - AUDIT REPORTS

Agreement on the Transfer of Federal Gas Tax Revenues  
Annual Expenditure Report - Receipts and Disbursements

## **UNION OF BRITISH COLUMBIA MUNICIPALITIES**

For the year ended March 31, 2008



**KPMG LLP**  
**Chartered Accountants**  
Metrotower II  
Suite 2400 - 4720 Kingsway  
Burnaby BC V5H 4N2

Telephone (604) 527-3600  
Fax (604) 527-3636  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **AUDITORS' REPORT ON THE ANNUAL EXPENDITURE REPORT**

To the Government of Canada and the Province of British Columbia

We have audited the receipts and disbursements of the Union of British Columbia Municipalities ("UBCM") as set out in the Annual Expenditure Report in accordance with Section 7.2.1 of the Agreement on the Transfer of Federal Gas Tax Revenues dated September 19, 2005 and as amended on March 17, 2008 (collectively, the "Agreement"), among the UBCM, the Government of Canada ("Canada") and the Province of British Columbia (the "Province"), for the year ended March 31, 2008. The Annual Expenditure Report is the responsibility of the management of the UBCM. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, the Annual Expenditure Report to the Government of Canada and the Province of British Columbia for the year ended March 31, 2008, presents fairly, in all material respects, the receipts and disbursements of the UBCM in accordance with Section 7.2.1 of the Agreement.

This report is intended solely for the information and internal use of UBCM, Canada and the Province, and is not intended to be and should not be used by anyone other than the specified parties or for any other purpose.

Chartered Accountants  
Burnaby, Canada  
August 15, 2008

**UNION OF BRITISH COLUMBIA MUNICIPALITIES**  
**Annual Expenditure Report**  
For the year ended March 31, 2008

**Receipts and Disbursements**

	<b>Cumulative September 19, 2005 to March 31, 2007</b>	<b>Year ended March 31, 2008</b>	<b>Cumulative September 19, 2005 to March 31, 2008</b>
<b>Gas Tax Agreement</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Opening Balance of Unspent Funds	-	33,975,597	-
Received from Canada	152,544,000	101,696,000	254,240,000
Interest and other investment income	1,947,001	2,489,465	4,436,466
<b>Sub-Total (total available for spending)</b>	<b>154,491,001</b>	<b>138,161,062</b>	<b>258,676,466</b>
Transferred to Eligible Recipients	120,078,173	79,927,960	200,006,133
Spent on Administration Costs	437,231	466,786	904,017
<b>Sub-Total (total spending)</b>	<b>120,515,404</b>	<b>80,394,746</b>	<b>200,910,150</b>
<b>Closing Balance of Unspent Funds</b>	<b>33,975,597</b>	<b>57,766,316</b>	<b>57,766,316</b>

Basis of presentation:

The Annual Expenditure Report sets out the receipts and disbursements of the Union of British Columbia Municipalities ("UBCM") as required by Section 7.2.1 of the Agreement on the Transfer of Federal Gas Tax Revenues dated September 19, 2005 and as amended March 17, 2008, among the UBCM, the Government of Canada and the Province of British Columbia, for the year ended March 31, 2008.

**Approved by:**



August 15, 2008

Compliance with the Evaluation Criteria with the  
Agreement on the Transfer of Federal Gas Tax Revenues

## **UNION OF BRITISH COLUMBIA MUNICIPALITIES**

For the year ended March 31, 2008



**KPMG LLP**  
**Chartered Accountants**  
Metrotower II  
Suite 2400 - 4720 Kingsway  
Burnaby BC V5H 4N2

Telephone (604) 527-3600  
Fax (604) 527-3636  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **AUDITORS' REPORT ON COMPLIANCE WITH EVALUATION CRITERIA**

To the Government of Canada and the Province of British Columbia

We have audited the Union of British Columbia Municipalities' ("UBCM") compliance as at March 31, 2008 with the evaluation criteria ("evaluation criteria"), as attached, for the Agreement on the Transfer of Federal Gas Tax Revenues dated September 19, 2005 and as amended on March 17, 2008 (the "Agreement") among the Government of Canada ("Canada"), the Province of British Columbia (the "Province") and UBCM. The evaluation criteria have been developed based upon consideration of the relevant provisions of the Agreement as interpreted by the management of UBCM. Compliance with the evaluation criteria and the completeness and accuracy of UBCM's interpretations, as attached, are the responsibility of UBCM. The suitability of the evaluation criteria is the responsibility of UBCM. Our responsibility is to express an opinion, based on our audit, regarding UBCM's compliance with the evaluation criteria. Our audit does not constitute a legal determination on UBCM's compliance with the terms and conditions of the Agreement.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether UBCM complied with the evaluation criteria. Such an audit includes examining, on a test basis, evidence supporting UBCM's compliance with the evaluation criteria, performing such other procedures as we considered necessary in the circumstances, and where applicable, assessing the accounting principles used and significant estimates made by management.

In our opinion, UBCM has complied as at March 31, 2008, in all material respects, with the evaluation criteria.

This report is intended solely for the information and internal use of UBCM, Canada and the Province, and is not intended to be and should not be used by anyone other than the specified parties or for any other purpose.

Chartered Accountants

Burnaby, Canada

August 15, 2008

**Union of British Columbia Municipalities**  
**Evaluation Criteria for the Agreement on the Transfer of Federal Gas Tax Revenues**  
**Under the New Deal for Cities and Communities 2005-2015 (the “Agreement”)**  
**March 31, 2008**

<b>Section</b>	<b>Agreement Content</b>	<b>Management’s Interpretation</b>	<b>Evaluation Criteria for Audit Purposes</b>
3.3.2 (iii)	UBCM will build on these past actions by playing a leadership role on behalf of its members in the implementation of this Agreement. The UBCM agrees that it will enforce all terms and conditions of the Funding Agreement in a diligent and timely manner, and seek remedies from non-compliant Eligible Recipients.	<p>“Enforcement of all terms and conditions” of the Funding Agreement refers to management’s commitment to obtain:</p> <p>(a) an approved Community Works Fund Agreement, Strategic Priorities Fund Agreement, or Innovations Fund Agreement, and</p> <p>(b) a declaration, from an officer responsible for financial administration at the designated recipient, of the amounts received and disbursed by the designated recipient and that the amounts were used in accordance with the Community Works Fund Agreement, Strategic Priorities Fund Agreement, or Innovations Fund Agreement.</p> <p>To “seek remedies from non-compliant Eligible Recipients” means employing remedies available to UBCM management under the Gas Tax Agreement, including withholding an installment of Community Works Fund or a payment for a project under the Strategic Priorities Fund or Innovations Fund until the non-compliance has been remedied.</p>	<p>Approved agreements exist for any funds disbursed by UBCM to designated recipients under a Community Works Fund Agreement, Strategic Priorities Fund Agreement, or Innovations Fund Agreement and such agreements include at a minimum, Schedule C of the Gas Tax Agreement.</p> <p>Management has received a declaration for the period ended December 31, 2007 from an officer responsible for financial administration at each designated recipient, of the amount received and disbursed by each recipient that includes a declaration that the funds were used in accordance with a Community Works Fund Agreement, Strategic Priorities Fund Agreement, or Innovations Fund Agreement prior to the disbursing any funds to Eligible Recipients for the next reporting period.</p> <p>Approved agreements include Schedule C of the Gas Tax Agreement that includes a statement that in the event of default, UBCM may reduce, suspend or terminate any further payment.</p>

**Union of British Columbia Municipalities**  
**Evaluation Criteria for the Agreement on the Transfer of Federal Gas Tax Revenues**  
**Under the New Deal for Cities and Communities 2005-2015 (the “Agreement”)**  
**March 31, 2008**

Section	Agreement Content	Management’s Interpretation	Evaluation Criteria for Audit Purposes										
6.3	<p>A Community Works Fund will be established to support the achievement of local priorities that are in alignment with the desired outcomes of greenhouse gas emission reduction, cleaner air and cleaner water. The Fund has two elements: an allocation based on population and a funding floor.</p> <p>(a) The Community Works Fund will disburse funding directly to Local Governments based on a percentage of the per capita allocation, as set out in Table 1, for local spending priorities.</p> <p>(b) In order to receive Funds, Local Governments must first sign a Community Works Fund agreement with the UBCM containing, at a minimum, the elements in Schedule C.</p> <p>(c) A funding “floor” will ensure a reasonable base allocation of funds for Local Governments who receive funding directly under the Community Works Fund. Local Governments will receive:</p> <table><tr><td>2005/2006</td><td>\$25,000</td></tr><tr><td>2006/2007</td><td>\$25,000</td></tr><tr><td>2007/2008</td><td>\$31,583</td></tr><tr><td>2008/2009</td><td>\$38,478</td></tr><tr><td>2009/2010 to 2013/2014</td><td>\$50,000</td></tr></table>	2005/2006	\$25,000	2006/2007	\$25,000	2007/2008	\$31,583	2008/2009	\$38,478	2009/2010 to 2013/2014	\$50,000	<p>The aggregate amount of the Community Works Fund funding “floor” amounts are deducted from amounts otherwise available to those tiers that are eligible to receive the funding floor prior to calculation of the per capita amounts for those tiers.</p> <p>The percentage distribution between the Community Works Fund and the Strategic Priorities Fund, set out in Table 1 in Section 6.3, applies only to per capita amounts that are derived after taking the floor amounts into consideration.</p>	<p>Funding available to Tier 3 local governments for the Community Works Fund and the Strategic Priorities Fund is calculated as follows:</p> <p>(a) Funding allocated to the Innovations Fund is deducted from Canada’s funding contribution; then</p> <p>(b) unless the Tier 3 local governments are to receive Community Works Fund funding, then allocations to the Tier 3 Strategic Priorities Fund are calculated based on a per capita allocation using BC Statistics data as at July 1, 2004, as released in December 2004 and obtained from the Ministry of Community Services, Government of British Columbia.</p> <p>Of the designated funds allocated to Tier 3, no more than 25% has been allocated to the Community Works Fund and no less than 75% has been allocated to the Strategic Priorities Fund.</p> <p>Funding available to Tier 1 and 2 local governments for the Community Works Fund and Strategic Priorities Fund is based on the amount of Canada’s contribution remaining after deducting the amount allocated for the Innovations Fund and the amount available to the Tier 3 local governments for Community</p>
2005/2006	\$25,000												
2006/2007	\$25,000												
2007/2008	\$31,583												
2008/2009	\$38,478												
2009/2010 to 2013/2014	\$50,000												

**Union of British Columbia Municipalities**  
**Evaluation Criteria for the Agreement on the Transfer of Federal Gas Tax Revenues**  
**Under the New Deal for Cities and Communities 2005-2015 (the “Agreement”)**  
**March 31, 2008**

Section	Agreement Content	Management’s Interpretation	Evaluation Criteria for Audit Purposes
			<p>Works Fund and Strategic Priorities Fund.</p> <p>Funding available to Tiers 1 and 2 local governments for the Community Works Fund and Strategic Priorities Fund is allocated as follows:</p> <ul style="list-style-type: none"> <li>(a) Each designated recipient has received at minimum the Community Works Fund funding “floor” allocation of \$31,583 for the period ended March 31, 2008,</li> <li>(b) The remaining funds are allocated to Tiers 1 and 2 based on a per capita allocation using BC Statistics as at July 1, 2004 as released in December 2004 and obtained from the Ministry of Community Services, Government of British Columbia,</li> <li>(c) Of the designated funds allocated in (b) to Tier 1, 75% has been allocated to the Community Works Fund and 25% has been allocated to the Strategic Priorities Fund; and</li> <li>(d) Of the designated funds allocated to Tier 2 in (b), 50% has been allocated to the Community Works Fund and 50% has been allocated to the Strategic Priorities Fund.</li> </ul>

**Union of British Columbia Municipalities  
Evaluation Criteria for the Agreement on the Transfer of Federal Gas Tax Revenues  
Under the New Deal for Cities and Communities 2005-2015 (the “Agreement”)  
March 31, 2008**

<b>Section</b>	<b>Agreement Content</b>	<b>Management’s Interpretation</b>	<b>Evaluation Criteria for Audit Purposes</b>
			Approved Community Works Fund agreements have been signed by the designated recipients and at minimum, include Schedule C of the Gas Tax Agreement.
6.4	<p>A Strategic Priorities Fund will provide funding for strategic investments that are larger in scale or regional in impact. This fund will be created by pooling a percentage of the per capita allocation (see Table 1 for percentages).</p> <p>All British Columbia Eligible Recipients will be eligible to apply for funding under the Strategic Priorities Fund. The GVRD Board of Directors has requested that 100% of the allocation applicable to Tier 3 be allocated to the Strategic Priorities Fund and made available for transportation investments.</p> <p>The trigger for funding under the Strategic Priorities Fund is a successful application and a Strategic Priorities Fund agreement between the Eligible Recipient and the UBCM containing, at a minimum, the elements in Schedule C.</p>	The “successful application” requirement refers to an approval of an application for funding by the Management Committee.	<p>The Partnership Committee has approved the request by the GVRD Board of Directors that 100% of the allocation applicable to Tier 3 be allocated to the Strategic Priorities Fund.</p> <p>The Management Committee has approved an application for funding under the Strategic Priorities Fund prior to the execution of a Strategic Priorities Fund Funding Agreement.</p> <p>Approved Strategic Priorities Fund agreements have been signed by the designated recipients and at minimum, include Schedule C of the Gas Tax Agreement.</p>

**Union of British Columbia Municipalities**  
**Evaluation Criteria for the Agreement on the Transfer of Federal Gas Tax Revenues**  
**Under the New Deal for Cities and Communities 2005-2015 (the “Agreement”)**  
**March 31, 2008**

<b>Section</b>	<b>Agreement Content</b>	<b>Management’s Interpretation</b>	<b>Evaluation Criteria for Audit Purposes</b>
6.5	<p>An Innovations Fund, comprising up to 5% of the total New Deal allocation for British Columbia, will be established.</p> <p>The Management Committee may apply a portion of these funds toward projects and initiatives by Eligible Recipients that reflect an innovative approach to achieving the intended outcomes of reduced greenhouse gas emissions, cleaner air and cleaner water.</p> <p>The trigger for funding under the Innovations Fund is a successful application and an Innovations Fund Agreement between the Eligible Recipient and the UBCM containing, at a minimum, the elements in Schedule C.</p> <p>The Partnership Committee will establish the size of the Innovations Fund, set criteria and establish guidelines for the selection of projects and initiatives.</p>	<p>The “successful application” requirement refers to an approval of an application for funding by the Management Committee.</p>	<p>Approval of the allocation to the Innovations Fund by the Partnership Committee is documented in the meeting minutes.</p> <p>The allocation to the Innovations Fund is not more than 5% of the total New Deal allocation.</p> <p>The Management Committee has approved an application for funding under the Innovations Fund prior to the execution of an Innovations Fund Funding Agreement.</p> <p>Approved Innovations Fund agreements have been signed by the designated recipients and at minimum, include Schedule C of the Gas Tax Agreement.</p>
6.6.1	<p>UBCM agrees that it shall record Canada’s contribution into a separate and distinct account, pending payment to Eligible Recipients in accordance with the terms of this Agreement.</p>	<p>This requirement refers to accounting for the contribution separately, and does not refer to physical separation of the contribution in a distinct bank or investment account.</p>	<p>The UBCM maintains separate and distinct accounting records for the receipt and disbursement of funds received under the Agreement.</p>

**Union of British Columbia Municipalities**  
**Evaluation Criteria for the Agreement on the Transfer of Federal Gas Tax Revenues**  
**Under the New Deal for Cities and Communities 2005-2015 (the “Agreement”)**  
**March 31, 2008**

<b>Section</b>	<b>Agreement Content</b>	<b>Management’s Interpretation</b>	<b>Evaluation Criteria for Audit Purposes</b>
6.6.2	To support the achievement of environmentally sustainable outcomes, the Parties agree that Funds will be paid to Eligible Recipients solely for Eligible Projects identified in Schedule A, and solely in respect of Eligible Costs identified in Schedule B.	Management is not required to review, audit or otherwise verify that the use of the funds by the Eligible Recipients are consistent with those Eligible Projects and Costs identified in Schedules A and B of the Agreement.	Approved agreements have been signed by the designated recipients which confirm the agreement of the designated recipient that the Funds will be used for the Eligible Projects and Costs identified in Schedules A and B of the Agreement.
6.6.3	All administration costs of UBCM in respect of the implementation and management of this Agreement shall be for the account of UBCM, provided that Funds (both principal and interest) may be used by UBCM to pay the administrative costs incurred by UBCM in the delivery of the Funds, or in fulfilling the reporting and audit requirements set out below in Section 7, provided the UBCM develop and submit, in advance, for review by the Partnership Committee and acceptance by the federal Minister, a business case justifying such use of Funds.	<p>The business case represents the combined administration costs of the Gas Tax Agreement and the Agreement on the Transfer of Funds for Public Transit 2006 - 2010 dated March 31, 2006 (the “Public Transit Agreement”).</p> <p>Costs of UBCM directly relating to the implementation, management and administration of the Gas Tax Agreement and the Public Transit Agreement are recorded in aggregate and allocated 90% and 10%, respectively to the funds, representing management’s estimate of the allocation of administration costs.</p>	<p>The Partnership Committee has reviewed the UBCM combined Gas Tax Agreement and Public Transit Agreement business case for the period ended September 30, 2007 as evidenced in the Partnership Committee meeting minutes and submission to the federal Minister of Transport, Infrastructure and Communities.</p> <p>Acceptance of the UBCM Business Case for the period ended September 30, 2007 by the federal Minister of Transport, Infrastructure and Communities is evidenced in written communication.</p> <p>The costs incurred by UBCM are for the administration, implementation and management of the funds and allocated in accordance with management’s estimates.</p> <p>The administration amounts allocated to the combined funds by UBCM from April 1, 2006 to March 31, 2008 have not exceeded the total amount set out in the UBCM business case for the period ended September 30, 2007.</p>

**Union of British Columbia Municipalities  
Evaluation Criteria for the Agreement on the Transfer of Federal Gas Tax Revenues  
Under the New Deal for Cities and Communities 2005-2015 (the “Agreement”)  
March 31, 2008**

<b>Section</b>	<b>Agreement Content</b>	<b>Management’s Interpretation</b>	<b>Evaluation Criteria for Audit Purposes</b>
			The allocation of administration costs between the Gas Tax Agreement and the Public Transit Agreement are 90% and 10% respectively in accordance with management’s interpretation.

Agreement on the Transfer of Funds for Public Transit 2006 - 2010  
Annual Expenditure Report - Receipts and Disbursements

## **UNION OF BRITISH COLUMBIA MUNICIPALITIES**

For the year ended March 31, 2008



**KPMG LLP**  
**Chartered Accountants**  
Metrotower II  
Suite 2400 - 4720 Kingsway  
Burnaby BC V5H 4N2

Telephone (604) 527-3600  
Fax (604) 527-3636  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **AUDITORS' REPORT ON THE ANNUAL EXPENDITURE REPORT**

To the Government of Canada and the Province of British Columbia

We have audited the receipts and disbursements of the Union of British Columbia Municipalities ("UBCM") as set out in the Annual Expenditure Report in accordance with Section 8.2.1 of the Agreement on the Transfer of Funds for Public Transit 2006 - 2010 dated March 31, 2006 (the "Agreement"), among the UBCM, the Government of Canada ("Canada") and the Province of British Columbia (the "Province"), for the period ended March 31, 2008. The Annual Expenditure Report is the responsibility of the management of the UBCM. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, the Annual Expenditure Report to the Government of Canada and the Province of British Columbia for the year period ended March 31, 2008, presents fairly, in all material respects, the receipts and disbursements of the UBCM in accordance with Section 8.2.1 of the Agreement.

This report is intended solely for the information and internal use of UBCM, Canada and the Province, and is not intended to be and should not be used by anyone other than the specified parties or for any other purpose.

Chartered Accountants  
Burnaby, Canada  
August 15, 2008

**UNION OF BRITISH COLUMBIA MUNICIPALITIES**  
**Annual Expenditure Report**  
For the year ended March 31, 2008

**Receipts and Disbursements**

	<b>Cumulative March 31, 2006 to March 31, 2007</b>	<b>Year Ended March 31, 2008</b>	<b>Cumulative March 31, 2006 to March 31, 2008</b>
<b>Public Transit Agreement</b>			
Opening Balance of Unspent Funds	\$ -	\$ 7,585,763	\$ -
Received from Canada	52,543,008	-	52,543,008
Interest and other investment income	1,286,499	371,254	1,657,753
<b>Sub-Total (total available for spending)</b>	<b>53,829,507</b>	<b>7,957,017</b>	<b>54,200,761</b>
Transferred to Eligible Recipients	46,209,227	555,598	46,764,825
Spent on Administration Costs	34,517	51,864	86,381
<b>Sub-Total (total spending)</b>	<b>46,243,744</b>	<b>607,462</b>	<b>46,851,206</b>
<b>Closing Balance of Unspent Funds</b>	<b>\$ 7,585,763</b>	<b>\$ 7,349,556</b>	<b>\$ 7,349,556</b>

Basis of presentation:

The Annual Expenditure Report sets out the receipts and disbursements of the Union of British Columbia Municipalities ("UBCM") as required by Section 8.2.1 of the Agreement on the Transfer of Funds for Public Transit 2006 - 2010 dated March 31, 2006, among the UBCM, the Government of Canada and the Province of British Columbia, for the year ended March 31, 2008.

**Approved by:**



August 15, 2008

Compliance with the Evaluation Criteria with the  
Agreement on the Transfer of Funds for Public Transit

## **UNION OF BRITISH COLUMBIA MUNICIPALITIES**

For the year ended March 31, 2008



**KPMG LLP**  
**Chartered Accountants**  
Metrotower II  
Suite 2400 - 4720 Kingsway  
Burnaby BC V5H 4N2

Telephone (604) 527-3600  
Fax (604) 527-3636  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **AUDITORS' REPORT ON COMPLIANCE WITH EVALUATION CRITERIA**

To the Government of Canada and the Province of British Columbia

We have audited the Union of British Columbia Municipalities' ("UBCM") compliance as at March 31, 2008 with the evaluation criteria ("evaluation criteria"), as attached, for the Agreement on the Transfer of Funds for Public Transit 2006 - 2010 dated March 31, 2006 (the "Agreement") among the Government of Canada ("Canada"), the Province of British Columbia (the "Province") and UBCM. The evaluation criteria have been developed based upon consideration of the relevant provisions of the Agreement as interpreted by the management of UBCM. Compliance with the evaluation criteria and the completeness and accuracy of UBCM's interpretations, as attached, are the responsibility of UBCM. The suitability of the evaluation criteria is the responsibility of UBCM. Our responsibility is to express an opinion, based on our audit, regarding UBCM's compliance with the evaluation criteria. Our audit does not constitute a legal determination on UBCM's compliance with the terms and conditions of the Agreement.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether UBCM complied with the evaluation criteria. Such an audit includes examining, on a test basis, evidence supporting UBCM's compliance with the evaluation criteria, performing such other procedures as we considered necessary in the circumstances, and where applicable, assessing the accounting principles used and significant estimates made by management.

In our opinion, UBCM has complied as at March 31, 2008, in all material respects, with the evaluation criteria.

This report is intended solely for the information and internal use of UBCM, Canada and the Province, and is not intended to be and should not be used by anyone other than the specified parties or for any other purpose.

Chartered Accountants

Burnaby, Canada

August 15, 2008

**Union of British Columbia Municipalities  
Evaluation Criteria for the Agreement on the  
Transfer of Funds for Public Transit 2006-2010 (the “Public Transit Agreement”)  
March 31, 2008**

<b>Section</b>	<b>Agreement Content</b>	<b>Management’s Interpretation</b>	<b>Evaluation Criteria for Audit Purposes</b>
4.3(a)	UBCM will sign a Funding Agreement with each Eligible Recipient prior to the transfer of Funds from the UBCM and enforce all terms and conditions of these Funding Agreements.	<p>To “enforce all terms and conditions” of these Funding Agreements refers to management’s commitment to obtain:</p> <p>(a) an approved Funding Agreement signed by the designated Eligible Recipient and UBCM, and</p> <p>(b) a declaration, from an officer responsible for financial administration at the designated recipient, of the amounts received and disbursed by the designated Eligible Recipient and that the amounts were used in accordance with the Funding Agreement.</p>	<p>Approved Funding Agreements exist for any funds disbursed by UBCM to designated recipients in the Public Transit Agreement, and such Funding Agreements outline eligible use of funds and include Schedules A, B and C of the Public Transit Agreement.</p> <p>Management has received a declaration, from an officer responsible for financial administration at each designated recipient, of the amounts received and disbursed by each recipient that includes a declaration that the funds were used in accordance with the Funding Agreement.</p>
6.5	To the extent that the UBCM receives a repayment of all or a portion of a contribution pursuant to the operation of Paragraph 11 of Schedule C, the UBCM shall immediately pay the said amount to Canada or redirect the amount for Eligible Projects consistent with Section 7.3.		No repayments of contributions have been made as at March 31, 2008.
7.1	<p>Public Transit Funds will be allocated as follows:</p> <p>(a) A fund of up to \$1.5 million will be established to be allocated to support additional Public Transit Infrastructure, primarily in communities without existing public transit service, with allocations from</p>	The amount to be allocated to support additional Public Transit Infrastructure primarily in communities without existing public transit service is \$1.5 million, and any portion of these funds which are not allocated by November 30, 2007 may be reallocated.	<p>Management has notified the Province in writing in relation to the allocation of the \$1.5 million in funding under Section 7.1(a).</p> <p>The allocation of remainder of the funds (excluding those identified in 7.1(a)) has been disbursed to approved Eligible</p>

**Union of British Columbia Municipalities  
Evaluation Criteria for the Agreement on the  
Transfer of Funds for Public Transit 2006-2010 (the “Public Transit Agreement”)  
March 31, 2008**

<b>Section</b>	<b>Agreement Content</b>	<b>Management’s Interpretation</b>	<b>Evaluation Criteria for Audit Purposes</b>
	that fund made by UBCM after consultation with British Columbia; and	“Consultation with British Columbia” refers to written documentation by management advising the Province of its intention to allocate funds.	Recipients in accordance with the table in Section 7.1(b) of the Public Transit Agreement.
	(b) the remainder will be allocated to existing public transit systems such that each system is allocated \$17,500 plus a proportion of the amount remaining based on the system’s proportionate share of total public transit ridership in British Columbia. Allocation of the Funds under this paragraph is as set out in the following table: [refer to the table in Section 7.1].		No reallocations under section 7.1(c) were made during the year.
	(c) If, by November 30, 2007, any portion of Funds allocated under this Section is not included in a Funding Agreement under Section 7.2, that portion of the funding may be reallocated to other Eligible Recipients in accordance with principles established by the partnership committee.		
	(d) The UBCM agrees that if Funds advanced by the UBCM to an Eligible Recipient are not paid by the Eligible Recipient in respect of Eligible Costs by March 31, 2010, the UBCM shall, unless otherwise agreed in writing in advance with Canada and British Columbia, recover the unspent Funds and reimburse Canada when requested. Such unspent Funds shall constitute a debt to Canada.		

**Union of British Columbia Municipalities  
Evaluation Criteria for the Agreement on the  
Transfer of Funds for Public Transit 2006-2010 (the “Public Transit Agreement”)  
March 31, 2008**

<b>Section</b>	<b>Agreement Content</b>	<b>Management’s Interpretation</b>	<b>Evaluation Criteria for Audit Purposes</b>
7.2	<p>Eligible Recipients for funding allocated under Section 7.1(a) are BC Transit and the Local Government in which the public transit system is, or will be, located. Except for the Victoria Regional Transit Commission system, the Eligible Recipients for each of the public transit systems set out in Section 7.1(b) are limited to one or more of the participants identified in relation to that system. For the Victoria Regional Transit Commission system, Eligible Recipients are: BC Transit, the City of Colwood, the City of Langford, the City of Victoria, the District of Central Saanich, the Township of Esquimalt, the District of Highlands, the District of Metchosin, the District of North Saanich, the District of Oak Bay, the District of Saanich, the District of Sooke, the Town of Sidney and the Town of View Royal.</p> <p>The UBCM will enter into a Funding Agreement with an Eligible Recipient in relation to all or part of the funding allocated under Section 7.1. For certainty, a Funding Agreement may include funding in relation to one or more individual public transit systems, but in circumstances where more than one system is included in a single Funding Agreement, the Funding Agreement must respect the funding allocations for each public transit system set out in Section 7.1.</p> <p>A Funding Agreement must include a listing of Eligible Projects to which funding made available under the Funding Agreement will be</p>		<p>The Funding Agreement between the UBCM and the Eligible Recipient includes a list of Eligible Projects to be funded.</p> <p>Evidence of approval of the Eligible Projects to be funded under a Funding Agreement has been provided by all of the participants in the system, except for the Victoria Regional Transit Commission system, for which there is evidence that the listing of Eligible Projects to be funded is approved by the Victoria Regional Transit Commission and BC Transit.</p> <p>Each Funding Agreement does not allocate more funding to an Eligible Recipient than that recipient is entitled to under Section 7.1 and if the Funding Agreement represents funding for more than one public transit system, the Funding Agreement identifies the amounts to be allocated for each of the public transit systems, and these amounts correspond to the amounts allocated for each of those systems under Section 7.1.</p>

**Union of British Columbia Municipalities  
Evaluation Criteria for the Agreement on the  
Transfer of Funds for Public Transit 2006-2010 (the “Public Transit Agreement”)  
March 31, 2008**

<b>Section</b>	<b>Agreement Content</b>	<b>Management’s Interpretation</b>	<b>Evaluation Criteria for Audit Purposes</b>
	<p>applied. In the case of the Victoria Regional Transit Commission system, the listing of Eligible Projects must be approved by the Victoria Regional Transit Commission and by BC Transit. For all other public transit systems with more than one participant, the listing of Eligible Projects must be approved by all of the participants in the system.</p> <p>Subject to having received the applicable funds from Canada, the UBCM will distribute funds directly to an Eligible Recipient within 30 days of the execution of the Funding Agreement between the Eligible Recipient and the UBCM. If the applicable funding has not been received by UBCM prior to the commencement of a Funding Agreement, UBCM will distribute funds within 30 days of receipt of the applicable funds from Canada.</p>		
7.3	UBCM agrees that it shall record Canada’s contribution into a separate and distinct account, pending payment to Eligible Recipients in accordance with the terms of this Agreement.	This requirement refers to accounting for the contribution separately, and does not refer to physical separation of the contribution in a distinct bank or investment account.	The UBCM maintains separate and distinct accounting records for the receipt and disbursement of funds received under the Public Transit Agreement. Such accounting records have been reconciled to the funds on deposit.

**Union of British Columbia Municipalities  
Evaluation Criteria for the Agreement on the  
Transfer of Funds for Public Transit 2006-2010 (the “Public Transit Agreement”)  
March 31, 2008**

<b>Section</b>	<b>Agreement Content</b>	<b>Management’s Interpretation</b>	<b>Evaluation Criteria for Audit Purposes</b>
	UBCM agrees to pay Funds to Eligible Recipients solely for Eligible Projects identified in Schedule A, and solely in respect of Eligible Costs identified in Schedule B.	A Funding Agreement must include a description of the Eligible Project that is to be funded, which must be within the category of projects and costs set out in Schedule A and B respectively of the Agreement. Approval is evidenced by a signed contract.	<p>Approved Funding Agreements for any funds disbursed by UBCM to designated recipients and such agreements include, at a minimum, those Eligible Projects approved for funding and a statement of the Eligible Costs, as identified in Schedule B of the Agreement.</p> <p>Each Funding Agreement states what the funds are to be used for. Such use is within one of the Eligible Project categories per Schedule A of the Public Transit Agreement.</p>
	All administration costs of UBCM in respect of the implementation and management of this Agreement shall be for the account of UBCM, provided that the Funds may be used by UBCM to pay the administrative costs incurred by UBCM in the delivery of the Funds or in fulfilling the reporting and audit requirements set out in Section 8. UBCM shall submit, in advance, for review by the Partnership Committee and acceptance by the Federal Minister, a business case justifying such use of Funds.	<p>The business case includes the combined administration costs of the Public Transit Agreement and the Agreement on the Transfer of Federal Gas Tax Revenues dated September 19, 2005 (the “Gas Tax Agreement”).</p> <p>Costs of UBCM directly relating to the implementation, management and administration of the Public Transit Agreement and the Gas Tax Agreement are recorded in aggregate and allocated 10% and 90%, respectively to the funds, representing management’s estimate of the allocation of administration costs.</p>	<p>The Partnership Committee has reviewed the UBCM combined Public Transit Agreement and Gas Tax Agreement business case for the period ended September 30, 2007, and the proposed administration costs, as evidenced in the Partnership Committee meeting minutes and submission to the federal Minister of Transport, Infrastructure and Communities.</p> <p>Acceptance of the UBCM Business Case for the period ended September 30, 2007 by the federal Minister of Transport, Infrastructure and Communities is evidenced in written communication.</p> <p>The costs incurred by UBCM are for the administration, implementation and management of the funds and allocated in</p>

**Union of British Columbia Municipalities  
Evaluation Criteria for the Agreement on the  
Transfer of Funds for Public Transit 2006-2010 (the “Public Transit Agreement”)  
March 31, 2008**

<b>Section</b>	<b>Agreement Content</b>	<b>Management’s Interpretation</b>	<b>Evaluation Criteria for Audit Purposes</b>
			<p>accordance with management’s estimates.</p> <p>The administration amounts allocated to the combined funds by UBCM from April 1, 2006 to March 31, 2008 have not exceeded the total amount set out in the UBCM business case for the period ended September 30, 2007.</p> <p>The allocation of administration costs between the Gas Tax Agreement and the Public Transit Agreement are 90% and 10%, respectively in accordance with management’s interpretation.</p>

**Union of British Columbia Municipalities  
Evaluation Criteria for the Agreement on the  
Transfer of Funds for Public Transit 2006-2010 (the “Public Transit Agreement”)  
March 31, 2008**

<b>Section</b>	<b>Agreement Content</b>	<b>Management’s Interpretation</b>	<b>Evaluation Criteria for Audit Purposes</b>
7.4	UBCM agrees to include the Eligible Recipient Requirements in all Funding Agreements, and agrees to enforce all terms and conditions of the Funding Agreements, including the Eligible Recipient Requirements.	<p>The Eligible Recipient Requirements are detailed in Schedule C of the Public Transit Agreement.</p> <p>To “enforce all terms and conditions” of these Funding Agreements refers to management’s commitment to obtain:</p> <ul style="list-style-type: none"> <li>(a) an approved Funding Agreement signed by the designated recipient and UBCM, and</li> <li>(b) a declaration, from an officer responsible for financial administration at the designated recipient, of the amounts received and disbursed by the designated recipient and that the amounts were used in accordance with the Funding Agreement.</li> </ul>	<p>The terms included in Schedule C – Eligible Recipient Requirements of the Public Transit Agreement, at a minimum, have been included in the Funding Agreements.</p> <p>Approved Funding Agreements exist for any funds disbursed by UBCM to designated recipients prior to the transfer of Funds.</p> <p>Management has received a declaration, from an officer responsible for financial administration at each designated recipient, of the amounts received and disbursed by each recipient that includes a declaration that the funds were used in accordance with the Funding Agreement.</p>