

**REPORT TO ELECTORAL AREAS COMMITTEE
MEETING OF WEDNESDAY, APRIL 12, 2023**

SUBJECT Basis of Apportionment of Non-Application Based Grants and Services

ISSUE SUMMARY

The Electoral Areas Committee (EAC) requested information associated with regional and sub-regional cost apportionment of services in addition to the benefit apportionment of external grants.

BACKGROUND

At the March 8, 2023 meeting of the EAC, the following motion was passed:

That staff prepare a report as to the formulas and principles used in apportioning regional and sub-regional costs and service benefits and for apportioning benefits and external grants (e.g., Community Works Fund, COVID recovery, etc.)

The report is structured into two parts:

1. Detailing non-application based external grants, including funds received, program allocation methodology and the distribution of grants at the Capital Regional District (CRD). The analysis excludes housing and application-based grants, as these are restricted funds, and outside the intended motion approved by committee. The following grants are summarized:
 - Regional District Grant
 - Community Works Fund – Canada Community-Building Fund (CWF)
 - COVID-19 Safe Restart Grant for Local Governments (Safe Restart)
 - Local Government Climate Action Program Grant (LGCAP)
 - Growing Communities Fund (GCF)
2. Environmental scan detailing apportioning service costs as defined in Establishment Bylaws, Letters Patent and Supplementary Letters Patent. The CRD services that are subject to cost apportionment include regional, sub-regional, and joint Electoral Areas (EA) services.

IMPLICATIONS

Financial Implications

Non-Application Based Grant Programs

The CRD receives provincial and federal funding through non-application based grants. This section provides an overview of each of the following grants: Regional District Grant, CWF, Safe Restart, LGCAP and GCF.

- Regional District Grant: An annual unconditional grant from the province to assist local governments with administrative costs.
- CWF: One of three program streams under Canada Community-Building Fund (CCBF). Funding is from the federal government where Union of British Columbia Municipalities (UBCM) administers the program on behalf of the province through a trilateral 10-year (2014-2024) agreement. CWF provides direct funding to local governments to assist with infrastructure and capacity-building projects.
- Safe Restart: A liquidity injection to local governments to assist with response and recovery costs of service delivery through the COVID-19 pandemic.
- LGCAP: A three-year (2022-2025) provincial program announced in 2022 to replace the Climate Action Revenue Incentive Program (CARIP) which ended in 2021. Funding will help local governments achieve their goals that align with the CleanBC Roadmap, the BC Climate Preparedness and Adaptation Strategy and local climate action priorities.
- Growing Communities Fund: One-time funding to local governments to address infrastructure projects and amenity demands related to community growth.

Funding

Table 1 outlines funding received for non-application grant programs between 2020 through 2023. Appendix A further details the programs, funding and reporting.

Table 1: Amount of Funding Received

Program	Amount Received (\$)	Program Year
Regional District Grant ¹	76,000	2022
CWF	1,175,476	2022
Safe Restart	1,996,000	2020-2021
LGCAP	126,082	2022
Growing Communities Fund	11,559,000	2023

¹In 2022, the CRD received a one-time higher payment amount. The historic grant value has consistently been \$60,000.

Program Allocation Methodology

Program funders do not use a consistent formulae or variables to determine allocation; varying from population/per capita, lump sum base amounts, sliding scale multipliers, etc.

For the five non-application-based grants reviewed:

- Regional District Grant: Based on regional and rural populations.
- CWF: Funding is received first by UBCM as the program administrator and is then distributed to local governments on a per capita basis using unincorporated populations and an indexed base funding amount. Refer to Appendix B for CRD-UBCM 2014-2024 Agreement.
- Safe Restart: There were two payments made to regional districts. The first disbursement used a flat rate and two per capita formulas, one for the Regional Districts (with a funding ceiling), and one for rural (unincorporated) areas. The second grant allocation followed a prorata calculation with a larger percentage for rural population. Appendix C details the two allocations of Safe Restart Funding.
- LGCAP: Previous CARIP disbursements, base funding amounts, and per capita allocations. Appendix D details the funding program announcement for LGCAP.

- Growing Communities Fund: Flat rate, two per capita rates for regional and rural populations and a funding amount based on growth from 2016-2021 for the rural population. Appendix E provides details the province's announcement and allocation for the CRD.

CRD Distribution of Funding

In principle, the CRD aims to follow the principles and distribution model the program funder provides to determine allocation.

- Regional District Grant: As the purpose of this grant is to assist local governments with administrative costs, this fund is allocated to the legislative and general government service of the CRD and used to offset staffing the grant coordinator position.
- CWF: The CRD Board resolved (August 2014) to reallocate CWF funds to the three EAs on a per capita basis. Staff manage CWF through an ongoing application process.
- Safe Restart: The CRD Board resolved (at the December 2020 and April 2021 meetings) to follow the funding program's methodology to allocate each disbursement. A portion was allocated to the Regional Corporate Emergency Management Service with the balance being allocated to Local Area Services within each EA including grants-in-aid.
- LGCAP: The CRD Board resolved (October 2022) to allocate a portion of the funding to Climate Action Program Service (approximately equal to past CARIP funding amounts), and the remaining on a per capita basis to EAs.
- Growing Communities Fund: Distribution method to be determined. Funds must be allocated to specific services to fund eligible projects by December 31, 2023.

Cost Apportionment for CRD Services

All costs incurred by a Regional District in relation to a service, including costs of administration attributable to the service, are part of the costs of that service. A Regional District may recover the service costs by taxation, fees and charges, other revenues raised and received by way of agreement, donations and grants etc. The method for apportioning service costs among the participants are defined in Service Establishment Bylaws (SEB), Letters Patent (LP) and Supplementary Letters Patent (SLP). If the method of apportionment is not set by SEB, LP, and SLP, the service costs must be apportioned on the basis of the converted assessment as default per *Local Government Act* Section 380 (2). The principle of apportionment methodology is such that the basis can be determined and sufficiently certain from year to year. As such, nearly 80% of all services are apportioned on the basis of assessments, population, or a combination of both. The remaining 20% are apportioned through various methods including call volume, discharge volume, etc.

CONCLUSION

The CRD receives funding through application and non-application based grants. This report detailed non-application based grants and cost apportionment for CRD Services. In principle, the CRD follows the program funder's methodology for allocating funds in alignment with eligible grant program criteria. The methodology for cost-apportionment for CRD services is defined by one of the following: Service Establishment Bylaw, Letters Patent and Supplementary Letters Patent. CRD services subject to cost apportionment include regional services, sub-regional services and joint EA services.

RECOMMENDATION

There is no recommendation. This report is for information only.

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ATTACHMENTS

- Appendix A: Detailed Summary of Grant Programs
- Appendix B: Community Works Fund Agreement 2014-2024
- Appendix C: Ministry of Municipal Affairs and Housing – Safe Restart 2021 and 2020 Letters
- Appendix D: Ministry of Environment and Climate Change – Capital Regional District: Local Government Climate Action Program Funding Announcement
- Appendix E: Ministry of Municipal Affairs – Growing Communities Fund 2023 Letters