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REPORT TO CAPITAL REGIONAL DISTRICT BOARD MEETING OF WEDNESDAY, SEPTEMBER 13, 2023

SUBJECT **Growing Communities Fund Allocation and Project Approvals**

ISSUE SUMMARY

This report provides options to the Capital Regional District (CRD) Board on allocating the Growing Communities Fund (GCF) grant to regional infrastructure projects.

BACKGROUND

In March 2023, the CRD received \$11.56 million in funding under the province's GCF program. This funding is part of the province's \$1 billion commitment to help local governments prioritize infrastructure projects and amenities that will enable service expansion and accommodate community growth. For Regional Districts, the funding must be allocated to services by December 31, 2023 and fully expended within five years of receipt (March 2028). The funding is conditional, and reporting is required until funds are fully spent or expired.

At the April 12, 2023 meeting of the CRD Board (Appendix A), the following two motions were passed:

1. That staff plan to use the total \$11.56 million CRD GCF in alignment with the provincial program guidelines to address regional infrastructure priorities.
2. That staff bring back recommendations on prioritized regional infrastructure projects in alignment with program eligibility *and equitable treatment of projects within electoral areas* (Amended).

Following the April Board meeting, staff developed funding guidelines, intake application forms, evaluation tools and business processes to administer an internal program. Projects across all CRD services were considered provided projects aligned with grant eligibility and requirements. Consistent with other existing grant programs, services were required to cost share; regional/sub-regional services were required to commit 50%, and services within the Electoral Areas were set at 25%. The cost-share approach allows more projects to receive support.

Applications were received for projects in the categories of affordable housing, parks and recreation, first nations, water and wastewater infrastructure, solid waste, studies and plans. Staff evaluated applications using five equally weighted quantitative indicators: strategic, financial, environmental, social and risk, and considered any additional benefits the project provided including alignment with provincial priorities. The Executive Leadership Team (ELT) included a sixth qualitative criteria to provide an equality lens to services within the Electoral Areas. A summary of the multi-decision criteria model is included in Appendix B.

Staff received 17 applications for funding (projects summarized in Appendix C) totaling \$36.7 million. Table 1 summarizes applications received from regional, sub-regional and Electoral Areas services.

Table 1: Summary of GCF Requests

Funding	Amount (\$)	# of Applications
GCF Funding Requests Total	36,762,505	17
Total Regional/Sub-regional Services Requests	23,265,000	5
Total Local Area Services Requests	13,497,505	12
Juan de Fuca	2,260,500	5
Salt Spring Island	6,683,255	2
Southern Gulf Islands	4,553,750	5
Available Funding	11,559,000	
Request Exceeds Available Funding	+25,203,505	
Rate of Oversubscription	3x	

ALTERNATIVES

Alternative 1

That the recommendations provided to the CRD Board in Appendix D Option 1 be endorsed.

Alternative 2

That the recommendations provided to the CRD Board in Appendix D Option 2 be endorsed.

Alternative 3

That the recommendations provided to the CRD Board in Appendix D Option 3 be endorsed.

Alternative 4

That the CRD Board provide specific directions on amendments to the proposed options.

IMPLICATIONS

Financial Implications

To align with the April 2023 Board motion, staff assessed applications using a multi-criteria decision-making tool and ELT applied an executive review lens. Staff prepared three options (Appendix D) for the Board to consider, and ELT is recommending Option 1 for endorsement.

The oversubscription rate to the program highlights the ongoing need for critical infrastructure funding. Appendix E highlights alignment of GCF Requests against grant program criteria and CRD’s 2023-2026 Corporate Plan, including Board Priorities and Community Needs. Many of the projects have identified borrowing as their cost-share. By providing GCF to these projects, this reduces the amount of debt and interest costs lowering the overall cost burden on taxpayers.

Alternative 1

Alternative 1 would provide funding to eight projects. Recommended regional projects include initial start-up funds to the Regional Trails Widening and Lighting project and the Village on the Green housing initiative. Funding Village on the Green closes the equity gap required for the project to proceed to construction.

Recommended electoral area projects include \$2.75 million to the Southern Gulf Island's (SGI) acquisition of Galiano Green. It is notable the Galiano Green project has been in the concept stage for approximately 15 years. Staff also recommend requiring the balance for the Galiano Green project (\$8.2 million) must be secured by the end of 2025 to ensure GCF funds are expended in alignment with the program requirements. If the balance is not secured, staff will work with the province with the goal of rescinding the \$2.75 million contribution and re-allocating to another eligible project.

Additional electoral area projects include funding up to Phase 4 and partial funding of Phase 5 of Salt Spring Island's (SSI) Ganges Sewer System Infrastructure Upgrades and fully funding the SSI Parks Maintenance Facility project. In the Juan de Fuca (JDF), Alternative 1 advances three projects in public safety, solid waste and a master plan project for water and sewer.

Alternative 1 allocates nearly 50% of the GCF to Electoral Areas compared to the Provincial formula that was used to calculate the grant which was approximately 25% of the total transfer to the CRD.

Alternative 2

Alternative 2 provides funding to nine projects. Recommended regional projects include; Village on the Green and partial funding to Campus View. Both affordable housing projects are on hold until funding is secured to proceed to construction. Partial funding is recommended for the Regional Trails Widening and Lighting project with similar rationale as noted in Alternative 1.

For the Electoral Areas, staff recommend funding six projects that help accelerate housing and community amenities associated with growth. In SGI, the recommendation includes funding the land purchase of Galiano Green (\$750 thousand). Similar to Alternative 1, staff also recommend requiring the balance of this project be funded by the end of 2025. On SSI, staff recommend funding up to Phase 4 for the Ganges Sewer System Infrastructure Upgrades and fully funding the SSI Parks Maintenance Facility project. This alternative would not impact the initial recommendation to JDF for funding three projects.

This alternative aligns to the Provincial GCF grant award developed by the province for Regional and Electoral Areas.

Alternative 3

Alternative 3 provides funding to five projects focusing only on initiatives directly related to housing and housing amenities (water and wastewater services), which is the core intent of the GCF program. Under this option, Regional Trails would not receive funding, the equity gap for Village on the Green would be fully funded, and Campus View would receive partial funding. For the Electoral Areas, the JDF Master Plan that references future growth-related planning for Port Renfrew Water and Wastewater would be funded. On SSI, the Ganges Sewer System Infrastructure Upgrades would be funded (up to Phase 5). This option would include funding the land acquisition SGI's Galiano Green project.

CONCLUSION

GCF is a conditional grant with set criteria and reporting standards. Regional Districts are required to allocate funds by the end of 2023. Staff developed and administered an internal grant program to allocate the funds using a multi-criteria decision-making framework. Based on the assessment, staff are recommending funding eight projects as detailed in the appendices.

RECOMMENDATION

That the recommendations provided to the Capital Regional District Board in Appendix D Option 1 be endorsed.

Submitted by:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

- Appendix A: April 12, 2023 CRD Board Report and Appendices – Growing Communities Fund
- Appendix B: Growing Communities Fund Internal Program Scorecard
- Appendix C: Growing Communities Fund Application Summary
- Appendix D: Options for Allocation of Growing Communities Fund Funding
- Appendix E: Growing Communities Fund Grant Requests Alignment with Grant Program and CRD 2023-2026 Corporate Plan