



Date: 09/01/2020

To: Chair and Directors, Cariboo Regional District Board

And To: John MacLean, Chief Administrative Officer

From: Kevin Erickson, Chief Financial Officer

Date of Meeting: Cariboo Regional District Board_Jan17_2020

File: 340-50

Short Summary:

Update to CRD Community Works Fund Prioritization Policy

Voting:

Corporate Vote - Unweighted

Memorandum:

The Community Works Fund Prioritization Policy, Policy No. 2016-06B-18, was last updated in 2016 when the categories eligible for the use of Community Works funds were expanded. It has been four years since that update and certain sections of the policy are now out of date. This agenda item proposes changes to remove the outdated portions.

Currently the policy reads:

F1.12 Community Works Fund Prioritization Policy

Policy No. 2016-06B-18

Purpose

The purpose of this Policy is to ensure that the Cariboo Regional District derives the maximum possible benefit from Community Works Funds (CWF) through an optimal and equitable allocation and disbursement policy.

Background

Community Works Funds (CWF) are provided by way of a transfer of Federal Gas Tax Funds to Local Governments to provide them with a source of stable, predictable, and long-term funding towards environmentally sustainable infrastructure. The Cariboo Regional District receives an allocation of funds based on the total population residing in the Region's Electoral Areas, while each of the member municipalities receive Community Works Funds directly based on their respective populations.

Initial agreements required that CWF funds be directed towards projects aligned with three key environmental outcomes:

- *Reduced Greenhouse Gas emissions,*
- *Cleaner Water, and*
- *Cleaner Air.*

The New Administrative Agreement on the Federal Gas Tax Fund in British Columbia, effective April 1, 2014, expanded the eligible project categories to which CWF funds could be applied in order to help Local Governments build and revitalize public infrastructure, support regional productivity and economic growth, and promote and maintain a clean environment. Eligible categories under the new agreement include:

- *Local roads and bridges,*
- *Highways,*
- *Short-sea shipping,*
- *Short-line rail,*
- *Regional and local airports,*
- *Broadband connectivity,*
- *Public transit*
- *Drinking water*
- *Wastewater*
- *Solid waste*
- *Community energy systems,*
- *Brownfield redevelopment,*
- *Sport infrastructure,*
- *Recreational infrastructure,*
- *Cultural infrastructure,*
- *Tourism infrastructure,*
- *Disaster mitigation, and*
- *Capacity building.*

Under the terms and conditions of the earlier agreement, the Cariboo Regional District was able to identify projects sufficient to address local priorities with respect to greenhouse gas emissions, clean water, and clean air without over subscribing Community Works Funds. It is expected, that with the newly relaxed criteria in the new agreement, the number of eligible projects identified, and the costs associated with them, will exceed Community Works Funding provided and available by way of Federal Gas Tax Transfers. As a result, more formal policy, process, and procedure are required to prioritize and allocate Community Works Funds going forward.

The Cariboo Regional District will receive Community Works Funds in the amount of \$1.6 million for the first two years, \$1.7 million for years three and four, and \$1.8 million in year five of the term covered by the new 10 agreement (funding levels for years 6 – 10 of the new agreement have not been published).

It is expected that by way of this policy, and any processes and procedures associated with it, the Regional District will continue to maximize the benefits received by residents through an optimal and equitable distribution of available Community Works Funds.

Principles

- *Community Works Funds should not replace or displace regular annual taxation.*
- *Community Works Fund allocations and disbursements should result in incremental value-added capital spending.*
- *Community Works Funds should support the achievement of local rural priorities, while recognizing the associated benefits of supporting sub-regional and regional initiatives and ensuring that benefits accrue equitably across the Regional District.*
- *Community Works Fund allocations and disbursements should be transparent, and include public reporting of CWF allocations and actual expenditures.*
- *Community Works Funds should continue to emphasize projects aligned with key environmental outcomes, while recognizing newly eligible project opportunities associated with revitalizing public infrastructure and promoting economic growth.*
- *Community Works Fund projects, for which the leveraging of funds available from additional alternative sources is possible, should be identified and pursued to maximize the benefits associated with the allocation and disbursement of CWF funds.*
- *Community Works Fund projects should, where applicable and possible, support the Regional District's Long Term Asset Management and Financial Planning programs.*

Prioritization

In order to ensure that funds are distributed as equitably as possible, the following priorities are established in order of importance:

- 1) *Projects that benefit rural taxpayers will be prioritized over regional or sub-regional initiatives;*
- 2) *Projects that support the following key environmental outcomes will be prioritized over projects in other eligible categories:*
 - a. Reduced greenhouse gas emissions;*
 - b. Cleaner water;*
 - c. Cleaner air; and*
 - d. Solid Waste.*
- 3) *Projects that provide incremental value that would not otherwise be obtained or maximized through regular taxation.*
- 4) *Sub-regional or regional projects.*
- 5) *Projects that promote regional economic growth.*

Procedure

- *Preparation of Annual Budgets AND Five-Year Financial Plans will include as detailed an allocation of Community Works Funds as is possible given currently approved and proposed projects.*
- *Previously approved Community Works Fund projects, which have not commenced or are incomplete at year-end must be reviewed, reappraised, and reapproved as part of the Annual Budget and Five-Year Financial Plan process.*

It is proposed that the policy be amended by removing the following paragraph (as highlighted above):

Under the terms and conditions of the earlier agreement, the Cariboo Regional District was able to identify projects sufficient to address local priorities with respect to greenhouse gas emissions, clean water, and clean air without over subscribing Community Works Funds. It is expected, that with the newly relaxed criteria in the new agreement, the number of eligible projects identified, and the costs associated with them, will exceed Community Works Funding provided and available by way of Federal Gas Tax Transfers. As a result, more formal policy, process, and procedure are required to prioritize and allocate Community Works Funds going forward.

Further, that the following paragraphs (as highlighted above):

The Cariboo Regional District will receive Community Works Funds in the amount of \$1.6 million for the first two years, \$1.7 million for years three and four, and \$1.8 million in year five of the term covered by the new 10 agreement (funding levels for years 6 – 10 of the new agreement have not been published).

It is expected that by way of this policy, and any processes and procedures associated with it, the Regional District will continue to maximize the benefits received by residents through an optimal and equitable distribution of available Community Works Funds.

Be replaced with:

Over the remaining life of the current 10-year agreement, the Cariboo Regional District will receive Community Works Funds in the amount of \$1.7 million for 2020/2021, \$1.78 million in years 2021/2022 and 2022/2023, and \$1.85 million in year 2023/2024. The Regional District will continue to maximize the benefits received by residents through an optimal and equitable distribution of available Community Works Funds based on the following principles:

Attachments:

None

Financial Implications:

There are no financial implications. Allocation of Community Works Funds is governed by the procedures and priorities contained in the existing policy which are not being changed.

Policy Implications:

Policy is not impacted as the changes are only removing out of date references.

Alignment with Strategic Plan:

- ☐ **Communication:** Facilitate communication strategies throughout the entire Cariboo Regional District that meet the needs of residents, community stakeholders, and other levels of government.
- ☐ **Planning:** Intentionally plan services and activities of the CRD to prepare for future needs of residents and community stakeholders.
- ☐ **Economic Sustainability:** Foster an environment to ensure the economic sustainability of CRD communities and the region.
- ☐ **Governance:** Ensure that CRD governance policy and practices are intentional, transparent, and respectful.

[Click here to enter text.](#)

CAO Comments:

[Click here to enter text.](#)

Options:

- a) Endorse recommendation;
- b) Receipt and other action;
- c) Defer.

Recommendation:

That the agenda item summary from Kevin Erickson, Chief Financial Officer, dated January 9, 2020, regarding updates to Policy No. 2016-06B-18, Community Works Fund Prioritization Policy, be received. Further, that the amendments to the policy be accepted as presented and that the policy be changed accordingly.