

Date: 28/08/2024

To: Chair and Directors, Committee of the Whole

And To: Murray Daly, Chief Administrative Officer

From: Kevin Erickson, Chief Financial Officer

Date of Meeting: Committee of the Whole_Sep05_2024

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Short Summary:

September 5, 2024 COW Memo - Review of the Cariboo Regional District's Community Works Fund Policy.docx

Background:

At the July 5th meeting of the Cariboo Regional District Board, after authorizing the Corporate Officer to execute the 2024 – 2034 Community Works Fund Agreement under the Administrative Agreement on the Canada Community Building Fund the following resolution was passed:

That the 2024 Community Works Fund/Building Communities Fund and associated CRD CWF policy be referred to the Committee of the Whole meeting in September for a full review.

The following information and attachments are presented to the Committee to enable this review.

The full title to the Community Works Fund policy is The Community Works Funds Prioritization Policy and was last revised in January 2020. The complete policy is attached for reference and, will need to be brought to the policy committee for amendments to align with the changes in the new agreement and for amounts scheduled to be received along with any changes arising from this review.

The main sections of the policy are the principles guiding the equitable distribution of community Works Funds and the prioritization given to projects seeking 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.

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 subregional 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.

As per procedures identified in the CWF Policy, allocation of the funds is through the annual budget/Five-Year Financial Planning process with the odd allotment of unallocated funds assigned during the year through individual request to the Board. As shown in the report Community Works Fund Historical Expenses by Geographic Area, presented to the Board at the November 9th 2023 meeting, the policy and allocation procedures have been fairly effective in distributing Community Works funds equitably to projects throughout the Cariboo Regional District.

New in 2024:

Most noticeable in the new program is the increase in the funding. The program that ended in 2024 provided for a base grant of \$ 55,000 and an additional \$44.00 per person for an annual payment of \$ 1,858,204.

New program base funding has increased to \$ 65,948 with an additional \$47.36 per person for an annual payment of 1,882,444 in years 2025, 2026 and 2027.

In years 2028 and 2029 base funding increases to \$65,948 and an additional \$47.36 per person for an annual contribution of \$ 1,957,742.

The use of funding is now time sensitive. Previously, regarding unspent funds, UBCM stated that:

The CWF program has no rules on accumulating or saving unspent funds...

UBCM recommends that any unspent funds should be identified for expenditure through capital investment planning.

CWF Recipients are asked to report on unspent funds when completing their Annual Expenditure reports.

In Appendix A of the new program guide it states:

UBCM requires recipients to spend CWF funding within 5-years of receipt unless longer timelines are identified in a long-term capital plan/ long-term financial plan, which has been submitted to UBCM in advance.

Further to this, Appendix D states:

"Note that any unspent CWF funds held by the local government under the 2014-2024 CWF program will be required to be spent within five years of entering into the 2024-2034 CWF Agreement with UBCM."

Under the new reporting requirements, it is now required that a recipient provide a Statement of 5-year Intended Spending. Moreover, Asset Management has also been identified as a requirement. However, information regarding what they will be looking for regarding Asset Management is less than clear as the Program Guide only states that "Asset management requirements are in development and will be identified in individual Community Works Fund Agreements."

Also new for 2025 is that "Local governments should consider projects that have been identified as local or regional in scope, including how they benefit local First Nation communities." Towards this they explain that "For Regional Districts population in the unincorporated areas is made up of First Nations and Electoral Areas."

Under the Eligible Investment Categories, the Firehall category has been expanded to include Firetrucks as stand-alone projects, Feasibility Studies and Detailed Design projects are now eligible and Capacity Building now includes House planning as an eligible expense.

It is noticeably clear that the new guidelines have been established to have the funding used in a timely manner. Furthermore, emphasis has been placed on applying the funding to existing assets over new projects. The new timelines on spending may make it difficult to uphold the equitable portion of funding distribution as the Regions infrastructure is not evenly spread over the Electoral areas. Similarly, age and condition of the asset may place necessity over equity. Although the program guide is silent on what will happen if the funding is not spent, the not-so subtle intimation is that there will be repercussions if the timelines are not followed. Similarly, asset management reporting will provide information of the state of condition our infrastructure is in. The obvious conclusion is that they will expect to see funding applied to those assets in the worst shape and showing the highest probability of failure and or the highest severity of impact. An updated Community Works Funds Prioritization Policy will need to recognize these new conditions and aligned to comply with them.

Attachments:

Community Works Fund Prioritization Policy 2020-1B-29

2019 – 2024 Community Works Fund Program Guide

2024 - 2034 Community Works Fund Program Guide

CWF Program Allocations 2021 – 2024

CWF Program Allocations 2025 – 2034

Community Works Funds Historical Expense by Geographic Area