



November 2, 2020

Ref: 257735

Brian Carruthers
Chief Administrative Officer
Cowichan Valley Regional District
175 Ingram St
Duncan BC V9L 1N8

Dear Brian Carruthers:

The provincial government understands the fiscal impacts that COVID-19 has placed on local service providers. To help address these challenges, in September the Province of British Columbia announced nearly \$2 billion in joint federal/provincial spending, including: \$540 million for local governments, \$418 million for community infrastructure, and \$1 billion for transit, TransLink and ferries.

The \$540 million for local governments was further divided into three funding streams. Two streams ("Development Services" for \$15 million and "Strengthening Communities" for \$100 million) will be application-based funding. More information on these funding streams will be forthcoming.

The third stream will provide direct grants to local governments. This funding stream is called the "COVID-19 Safe Restart Grants for Local Governments" and will provide up to \$425 million for local operations impacted by COVID-19. This funding will support local governments as they deal with increased operating costs and lower revenue due to COVID-19. It will also ensure local governments can continue to deliver the services people depend on in their communities. Eligible costs will include:

- addressing revenues shortfalls;
- facility reopening and operating costs;
- emergency planning and response costs;
- bylaw enforcement and protective services like fire protection and police;
- computer and other electronic technology costs (to improve interconnectivity and virtual communications);
- services for vulnerable persons (e.g. persons living with disabilities, mental illness or addictions, persons experiencing homelessness or other vulnerabilities); and
- other related costs.

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As you may recall, during the early months of COVID-19, the provincial government required all municipalities to fully remit requisitions to regional districts by August 1, 2020, despite any shortfalls in municipal tax collection. This was designed to ensure regional district requisitions were kept whole in 2020. Because of this earlier action, the COVID-19 Safe Restart Grant for Local Governments will place a funding emphasis on municipalities. However, there is still considerable funding under this grant program for regional districts.

I am pleased to advise you that **Cowichan Valley** is the recipient of a **\$903,000** grant under the COVID-19 Safe Restart Grant for Local Governments. This amount will be directly transferred to your regional district in the coming days.

Under section 36 of the Local Government Grants Regulation, the amount of the grant to each local government is set by Minister of Municipal Affairs and Housing. The determination of this amount was based on a formula that applies to all regional districts. The funding formula for regional districts is based on three components: a flat funding amount plus two per capita amounts. The flat amount will be \$300,000 to each regional district.

The first per capita amount will be based on the total regional district population (rural and municipal). This will provide \$3.10 per person. There will be a funding limit on this first per capita amount. The limit is \$1.8 million for Metro Vancouver and \$900,000 for all other regional districts. The higher limit for Metro Vancouver is in recognition of their larger population. The overall purpose of these limits is to ensure that the very largest regional districts do not receive a disproportionate share of funding compared to smaller and mid-sized regional districts.

The second per capita amount will be based on the rural population of a regional district (i.e. the population outside the boundaries of an incorporated municipality). This second per capita amount will provide \$8.13 per rural population. This second per capita amount is in recognition of the additional burden on regional districts because they are the primary local service provider in rural parts of British Columbia.

This overall formula is designed to ensure that larger regional districts receive more money than smaller ones, but that smaller and rural regional districts receive higher per capita funding than larger ones. This is in recognition that small regional districts often lack a diverse revenue base and the economies-of-scale to easily restart their operations.

An example of the funding formula (for a regional district of 65,000 people) is provided as an attachment to this letter. If you wish, you can apply this formula to your 2018 total population of **89,410** and rural population of **40,134** to determine your total funding amount. 2018 population data was used because it is the last year in which we have complete financial and demographic data for each regional district.

Before December 31, 2021, (a little over a year from this letter) the regional board must fully allocate the grant funds to the appropriate services. This allocation will be entirely at the discretion of the board. Ministry staff are available to assist regional district staff should they have any questions on allocation.

To ensure optimal transparency on the use of funds, there are two reporting requirements for regional districts. **First**, as part of the 2021 audited financial statements, the regional district must provide a report on how the funds were allocated to various regional and local services.

The **second** reporting requirement is an annual report on how the grant funds were spent in that year. This will be a schedule to your audited financial statements, under section 377 of the Local Government Act. The schedule will include the amount of funding received, the use of those funds, and the year-end balance of unused funds. This report may be consolidated for the entire regional district, rather than reporting on a service-by-service level. Your regional district must continue to annually report on the use of grant money until the funds are fully drawn down.

If you have questions or comments regarding this letter, please feel free to contact Jennifer Richardson, Grants Analyst, Local Government Infrastructure and Finance Branch, by email at: Jennifer.Richardson@gov.bc.ca, or by phone at: 778-698-3243.

The provincial government welcomes this opportunity to support COVID-19 restart and recovery throughout British Columbia. We believe that this funding will contribute to the long-term recovery of local governments who are both critical service providers and crucial drivers in the British Columbia economy.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Kaye Krishna', with a horizontal line underneath.

Kaye Krishna
Deputy Minister

Attachment

pc: Jennifer Richardson, Grants Analyst, Local Government Infrastructure and Finance Branch
Natalie Wehner, Chief Financial Officer, Cowichan Valley Regional District

Attachment 1: Example Calculation for a Regional District with 65,000 People

Rockridge Regional District

Variables:

	Population	Per Capital Amount	Funding Limit	Flat Funding Amount
Total RD	65,000	\$3.10	\$900,000	n/a
Rural Part of RD	20,000	\$8.13	n/a	n/a
Other	n/a	n/a	n/a	\$300,000

Calculation:

	A	B	C=AxB	D	E=min(C or D)
Cost Item	Population	Per Capital Amount	Pop-Based Funding	Ceiling	Funding
Total Population	65,000	\$3.10	201,500	900,000	201,500
Rural Population	20,000	\$8.13	162,600	n/a	162,600
Flat Amount	-----				300,000

TOTAL

664,100

Funding is based on a flat amount (**\$300,000**) plus two per capita amounts.

One per capita amount is based on total RD population times \$3.10 per person. This first per capita amount is subject to a funding ceiling of \$0.9M (or \$1.8M for Metro). In the above example, this amount equals **\$201,500**.

The second per capital amount is based on the rural population (i.e. outside municipal boundaries) times \$8.13 per person. In the above example, this equals **\$162,600**.

The total funding is the sum of these three amounts. In the above example, this equals **\$664,100**.

The RD population data is for 2018 (from BC Stats as at Oct 1, 2020)
<https://www2.gov.bc.ca/gov/content/data/statistics/people-population-community/population/population-estimates>
 "Municipal and sub-provincial areas population, 2011 to 2019.xls"