

FINANCIAL MANAGEMENT COMMITTEE

TO: MAYOR AND COUNCILLORS

SUBJECT: GROWING COMMUNITIES RESERVE FUND

RECOMMENDATION:

THAT Council authorize the City Solicitor to bring forward a bylaw to establish a new Statutory Reserve Fund for monies received via the Provincial Growing Communities Fund.

REPORT

The Financial Management Committee, at its meeting held on April 18, 2023, received and adopted the attached report seeking Council authorization to establish a new statutory reserve fund to segregate and track monies received via the Provincial Growing Communities Fund.

Respectfully submitted,

Councillor S. Dhaliwal
Chair

Councillor A. Gu
Vice Chair

TO: CHAIR AND MEMBERS
FINANCIAL MANAGEMENT COMMITTEE

DATE: April 11, 2023

FROM: DEPUTY CHIEF ADMINISTRATIVE
OFFICER & CHIEF FINANCIAL OFFICER

FILE: 7300-20

SUBJECT: GROWING COMMUNITIES RESERVE FUND

PURPOSE: To establish a new statutory reserve fund to segregate and track monies received via the Provincial Growing Communities Fund.

RECOMMENDATION:

1. **THAT** Financial Management Committee recommend Council authorize the City Solicitor to bring forward a bylaw to establish a new Statutory Reserve Fund for monies received via the Provincial Growing Communities Fund.

REPORT

1.0 INTRODUCTION

In order to facilitate greater housing supply for BC's growing population, the Provincial Government has established the Growing Communities Fund to support communities throughout the Province. One-time grants issued from this fund will increase the amount of land that is ready to be developed to a higher density by supporting the construction of related infrastructure and amenities. Through this program, the City of Burnaby has received a \$28,784,000 grant. The letter from the Province communicating this information to Burnaby has been included as attachment 1 to this report.

2.0 BACKGROUND

2.1 Calculation of the Amounts

The \$28,784,000 provided to Burnaby was based on a formula set by the Minister of Municipal Affairs that applies to all municipalities. It is based on the sum of three amounts:

- a flat funding amount of \$500,000;
- an adjusted population amount that ensures smaller municipalities receive a higher per capita share of funding despite larger municipalities receiving larger overall amounts; and
- a population growth amount based on the change in population between 2016 and 2021.

As a result of this calculation, Cities experiencing the highest growth will receive a notably larger grant than other local governments in the region. Please refer to attachment 2 for a listing of grants provided to all communities.

2.2 Segregation of Funds

As a condition of this funding, the monies received must be placed in a segregated reserve fund established by bylaw. For simplicity, staff are advising that the new reserve fund be referred to as the Growing Communities Reserve Fund. This reserve fund shall be interest-bearing and may only be used for the eligible costs as defined by the Province. Proposed uses of these funds will be presented to Council during the 2024 - 2028 Financial Plan process.

2.3 Eligible Costs:

In accordance with Provincial guidelines, the funding should be limited to one-off costs needed to build required infrastructure and amenities rather than funding ongoing or operational activities. These funds are to be incremental to currently planned investments and should accelerate the delivery of capital projects. The following types of capital projects are eligible to use the funding provided:

- Public drinking water supply, treatment facilities and water distribution;
- Local portion of affordable/attainable housing developments;
- Childcare facilities;
- Municipal or regional capital projects that service, directly or indirectly, neighbouring First Nation communities;
- Wastewater conveyance and treatment facilities;
- Storm water management;
- Solid waste management infrastructure;
- Public safety/emergency management equipment and facilities not funded by senior level government;
- Local road improvements and upgrades;
- Sidewalks, curbing and lighting;
- Action transportation amenities not funded by senior level government;
- Improvements that facilitate transit service;
- Natural hazard mitigation;
- Park additions/maintenance/upgrades including washrooms/meeting space and other amenities; and
- Recreation-related amenities.

2.4 Timelines & Reporting Requirements:

It is anticipated that all funds provided will be used within five years of receipt. Until all funds have been used, Burnaby will be required to produce the following annual reports to provide transparency on how the funds have been utilized:

- A schedule to the audited financial statements outlining the amount of funding received, how the funds were used, and the year-end balance of unused funds.
- Housing Needs Report and pre-zoning requirements; staff are anticipating further guidance from the Province clarifying the requirements of this report.

Where applicable, the Province has encouraged the funding recipients to highlight projects that align with Provincial priorities such as CleanBC and childcare. Should the City issue a press release about projects completed using Growing Communities funds, the Province requires consultation in advance along with the specific amount used being highlighted.

2.5 Financial Considerations

The construction, betterment, and replacement of City assets are financed through a variety of reserves and reserve funds; each of which has been established to support a particular capital program. While multiple funding sources exist for some of the eligible projects listed above in section 2.3, the majority meet the criteria to be supported through the City's Capital Asset Works Financing Reserve Fund (CAWFF). On average over the last three years, CAWFF has incurred expenditures of \$72 million/year. This substantially exceeds the 2023 budgeted operating contribution to CAWFF which is approximately \$49.6 million.

While the Growing Communities Fund will help to cover some CAWFF expenditures, it is a one-time grant only and cannot sustainably support CAWFF over the long-term. To support CAWFF in a sustainable manner, staff are pursuing alternate strategies such as the expanded use of Development Cost Charges for parkland improvements and Community Benefit Bonus reserves. Meanwhile, the provision of this one-time grant to the City of Burnaby will instead be used to expedite and expand capital plans to support infrastructure requirements as a result of growth in the Community.

To: Financial Management Committee
From: Deputy Chief Administrative Officer & Chief Financial Officer
Re: Growing Communities Fund
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3.0 RECOMMENDATION

It is recommended that Council authorize the City Solicitor to bring forward a bylaw to establish a new statutory Reserve Fund. Following adoption of this bylaw, all grant proceeds received through the Growing Communities Fund shall be deposited into this reserve fund.



Noreen Kassam, CPA, CGA
DEPUTY CHIEF ADMINISTRATIVE OFFICER &
CHIEF FINANCIAL OFFICER

NK:RG / gm:mt

Attachments: 1 - Letter from Province
 2 - Breakdown of grants distributed to all Communities



March 16, 2023

Ref: 271994

Their Worship Mayor Mike Hurley
 City of Burnaby
 4949 Canada Way
 Burnaby BC V5G 1M2

Dear Mayor Hurley:

The population of B.C. has increased consistently over the past decade and is projected to keep growing in the next 10 years. The provincial government understands the need to facilitate greater housing supply for our growing population. The province will support local governments in addressing the multiple funding and financing constraints to aid in the construction of infrastructure and amenities for all B.C. communities. Local governments' investment in core community infrastructure and amenities increases the amount of land that is ready to be developed to a higher density.

The Government of B.C. has invested considerable resources in infrastructure and amenities in the past 10 years and has strategically leveraged federal funding to that effect. More than \$1.6 billion in federal and provincial funding have been invested in our communities since 2018 through the Investing in Canada Infrastructure Program. However, as there is still more to be done for infrastructure and amenities, the provincial government is pleased to provide the Growing Communities Fund (GCF) for local governments province-wide.

As a one-time grant, the GCF will provide up to \$1 billion through direct grants to local governments to support all B.C. communities, with a focus on those communities that need to increase the pace and scale of housing supply. The principal objective of the GCF is to increase the local housing supply with investments in community infrastructure and amenities. Municipalities are encouraged to work closely with adjacent local First Nations, in recognition of the *Declaration on the Rights of Indigenous Peoples Act*, as this collaboration strengthens our communities and regions.

The funding provided through the GCF should be limited to one-off costs needed to build required infrastructure and amenities rather than funding ongoing or operational activities. These funds are to be incremental to currently planned investments and should accelerate the delivery of capital projects.

Eligible costs are as follows:

- Public drinking water supply, treatment facilities and water distribution;
- Local portion of affordable/attainable housing developments;

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- Childcare facilities;
- Municipal or regional capital projects that service, directly or indirectly, neighbouring First Nation communities;
- Wastewater conveyance and treatment facilities;
- Storm water management;
- Solid waste management infrastructure;
- Public safety/emergency management equipment and facilities not funded by senior level government;
- Local road improvements and upgrades;
- Sidewalks, curbing and lighting;
- Active transportation amenities not funded by senior level government;
- Improvements that facilitate transit service;
- Natural hazard mitigation;
- Park additions/maintenance/upgrades including washrooms/meeting space and other amenities; and
- Recreation-related amenities.

Further to the above-noted capital costs, one-off costs can include:

- Costs of feasibility studies (including infrastructure capacity assessment); other early-stage development work; costs of designing, tendering and acquiring land (where it is wholly required for eligible infrastructure projects); constructing eligible infrastructure projects; and, in limited situations, non-capital administrative costs where these are necessary, for example adding staff capacity related to development or to establish complementary financing for local government owned infrastructure or amenities.

I am pleased to advise you that the City of Burnaby is the recipient of a \$28,784,000 grant under the Growing Communities Fund. This amount will be directly transferred to your local government by March 31, 2023.

Under part 7 of the Local Government Grants Regulations, the amount of the grant to each local government is set by the Minister of Municipal Affairs. The determination of this amount was based on a formula that applies to all municipalities.

This formula is based on three components: a flat funding amount, an “adjusted population” amount and a “population growth” amount. The flat amount is \$500,000. The “adjusted population” amount is \$365 per adjusted population. The population adjustment ensures smaller municipalities get a higher per capita share of funding despite larger municipalities receiving more funding in absolute dollars. The “population growth” amount is \$1,000 per capita population growth between 2016 and 2021.

As a condition of this funding, the grant must be placed in a segregated reserve fund established by bylaw under section 188 of the *Community Charter* for the Capital and Planning purposes of the GCF. This fund must be separate from other existing reserve funds. To ensure full transparency regarding the use of funds, your local government will be required to annually report on how it spends this grant. This will be part of the annual financial reporting required under section 167 of the *Community Charter*. Your local government will provide a schedule to the audited financial statements respecting the amount of funding received, the use of those funds and the year-end balance of unused funds. Your local government must continue to annually report on the use of grant money until the funds are fully drawn down.

Further to the financial reporting, an annual report that identifies work-related Housing Needs Reports and pre-zoning requirements, as applicable, is required. The province also encourages highlighting projects that align with provincial priorities such as CleanBC and childcare; as well as those that align with the province's Environmental, Social and Governance framework for capital projects.

Finally, requirements will include parameters for public recognition of the funding related to projects. The province must be consulted prior to any proactive media events or news releases related to the project. Funded projects must also acknowledge the province's contribution through temporary and permanent on-site signage. The provincial government anticipates that the funds will be expended within approximately five years of receipt.

If you have any questions or comments regarding this letter, please feel free to contact the Local Government Infrastructure and Finance Branch by email at: LGIF@gov.bc.ca. Further information on the program will be available on the following webpage: <https://www2.gov.bc.ca/gov/content/governments/local-governments/grants-transfers/grants/bc-s-growing-communities-fund>.

The province welcomes this opportunity to support the growth of the supply of housing throughout British Columbia. We believe that this funding will contribute to the capacity of B.C. local governments to provide critical services as our province and economy grows.

Sincerely,



Anne Kang
Minister

pc: Leon Gous, Chief Administrative Officer, City of Burnaby
Noreen Kassam, Director of Finance, City of Burnaby

Attachment with Example Calculation for a Municipality with 15,000 People

Population Range	From	To	Adjustment Factor
1. Very Small	0	2,000	100%
2. Small	2,001	5,000	80%
3. Small-Med	5,001	10,000	60%
4. Medium	10,001	20,000	40%
5. Large-Med	20,001	40,000	20%
6. Large	40,001	150,000	10%
7. Very Large	150,001	900,000	5%

To illustrate, for a city of 15,000 people, the adjusted population is:

- For this first 2,000 residents, adjustment of 100% = 2,000 x 100% = 2,000
- For the next 3,000 (up to 5,000), adjustment of 80% = 3,000 x 80% = 2,400
- For the next 5,000 (up to 10,000), adjustment of 60% = 5,000 x 60% = 3,000
- For the last 5,000 (up to 15,000), adjustment of 40% = 5,000 x 40% = 2,000

Thus, the city of 15,000 people has an adjusted population of 9,400 (=2,000 + 2,400 + 3,000 + 2,000).

If the city grew by 4,500 people between 2016-2021, the total grant amount is calculated as follows:

Component	Calculation	Result
Flat Funding	\$500,000	\$500,000
Adjusted Population	= 9,400 x \$365	\$3,431,000
Population Growth	= 4,500 x \$1,000	\$4,500,000
Total Grant		\$8,431,000

Breakdown of grants distributed to all Communities

Municipalities	Grant
100 Mile House	1,265,000
Abbotsford	27,420,000
Alert Bay	658,000
Anmore	1,730,000
Armstrong	2,450,000
Ashcroft	1,076,000
Barriere	1,316,000
Belcarra	759,000
Bowen Island	2,287,000
Burnaby	28,784,000
Burns Lake	1,208,000
Cache Creek	958,000
Campbell River	8,587,000
Canal Flats	817,000
Castlegar	3,094,000
Central Saanich	5,501,000
Chase	1,547,000
Chetwynd	1,464,000
Chilliwack	16,392,000
Clearwater	1,521,000
Clinton	718,000
Coldstream	4,148,000
Colwood	6,642,000
Comox	4,693,000
Coquitlam	18,635,000
Courtenay	7,655,000
Cranbrook	5,571,000
Creston	2,350,000
Cumberland	2,777,000
Daajing Giids	863,000
Dawson Creek	3,942,000
Delta	16,060,000
Duncan	2,135,000
Elkford	1,581,000
Enderby	1,707,000
Esquimalt	4,710,000
Fernie	2,626,000
Fort St. James	1,476,000
Fort St. John	5,724,000
Fraser Lake	850,000
Fruitvale	1,278,000
Gibsons	2,314,000
Gold River	969,000
Golden	2,159,000
Grand Forks	1,981,000
Granisle	616,000
Greenwood	767,000

Harrison Hot Springs	1,256,000
Hazelton	634,000
Highlands	1,661,000
Hope	2,874,000
Houston	1,759,000
Hudson's Hope	905,000
Invermere	2,032,000
Kamloops	15,692,000
Kaslo	919,000
Kelowna	26,228,000
Kent	2,742,000
Keremeos	1,446,000
Kimberley	3,414,000
Kitimat	2,968,000
Ladysmith	3,406,000
Lake Country	6,778,000
Lake Cowichan	1,936,000
Langford	16,464,000
Langley, City	7,186,000
Langley, District	24,306,000
Lantzville	1,910,000
Lillooet	1,282,000
Lions Bay	988,000
Logan Lake	1,538,000
Lumby	1,378,000
Lytton	619,000
Mackenzie	1,723,000
Maple Ridge	16,586,000
Masset	764,000
McBride	780,000
Merritt	2,891,000
Metchosin	2,438,000
Midway	763,000
Mission	8,839,000
Montrose	903,000
Nakusp	1,161,000
Nanaimo	16,088,000
Nelson	4,151,000
New Denver	704,000
New Hazelton	748,000
New Westminster	15,850,000
North Cowichan	7,686,000
North Saanich	4,459,000
North Vancouver, City	10,986,000
North Vancouver, District	10,254,000
Northern Rockies - REGM	1,920,000
Oak Bay	4,773,000
Oliver	2,769,000
Osoyoos	2,556,000

Parksville	4,789,000
Peachland	2,766,000
Pemberton	2,002,000
Penticton	7,177,000
Pitt Meadows	5,370,000
Port Alberni	5,269,000
Port Alice	783,000
Port Clements	600,000
Port Coquitlam	9,462,000
Port Edward	669,000
Port Hardy	1,971,000
Port McNeill	1,370,000
Port Moody	6,734,000
Pouce Coupe	819,000
Powell River	4,218,000
Prince George	12,498,000
Prince Rupert	4,068,000
Princeton	1,936,000
Qualicum Beach	3,346,000
Quesnel	3,217,000
Radium Hot Springs	900,000
Revelstoke	3,331,000
Richmond	20,354,000
Rossland	2,154,000
Saanich	14,634,000
Salmo	1,130,000
Salmon Arm	6,089,000
Sayward	622,000
Sechelt	3,759,000
Sechelt Indian Government	783,000
Sicamous	1,731,000
Sidney	3,820,000
Silverton	585,000
Slocan	624,000
Smithers	2,320,000
Sooke	5,939,000
Spallumcheen	2,398,000
Sparwood	2,025,000
Squamish	6,285,000
Stewart	673,000
Summerland	4,533,000
Sun Peaks	1,151,000
Surrey	89,928,000
Tahsis	650,000
Taylor	1,095,000
Telkwa	1,159,000
Terrace	4,633,000
Tofino	1,946,000
Trail	2,979,000

Tumbler Ridge	1,530,000
Ucluelet	1,489,000
Valemount	954,000
Vancouver	49,119,000
Vanderhoof	2,083,000
Vernon	9,575,000
Victoria	12,852,000
View Royal	4,665,000
Warfield	1,193,000
Wells	588,000
West Kelowna	10,212,000
West Vancouver	8,000,000
Whistler	4,962,000
White Rock	5,711,000
Williams Lake	3,728,000
Zeballos	553,000

TOTAL	850,402,000
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Regional Districts	Grant
Alberni-Clayoquot	1,833,000
Bulkley-Nechako	1,764,000
Capital	11,559,000
Cariboo	3,947,000
Central Coast	830,000
Central Kootenay	4,025,000
Central Okanagan	6,950,000
Columbia Shuswap	3,796,000
Comox Valley	4,497,000
Cowichan Valley	5,649,000
East Kootenay	3,667,000
Fraser Valley	8,801,000
Fraser-Fort George	3,531,000
Kitimat-Stikine	2,064,000
Kootenay Boundary	1,774,000
Metro Vancouver	50,780,000
Mount Waddington	1,029,000
Nanaimo	7,929,000
North Coast	1,162,000
North Okanagan	3,953,000
Okanagan-Similkameen	4,483,000
Peace River	2,383,000
qathet	1,367,000
Squamish-Lillooet	1,525,000
Strathcona	2,638,000
Sunshine Coast	2,221,000
Thompson-Nicola	5,441,000

TOTAL	149,598,000
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