



GROWING COMMUNITIES FUND (GCF) Frequently Asked Questions (FAQ's) - Regional Districts	
Program Description	
Question	Answer
What is the purpose of the Growing Communities Fund for local governments?	The GCF will provide a one-time grant to all 188 of B.C.'s municipalities and regional districts, which they can use to address their community's unique infrastructure and amenity demands.
What is the formula-based model used to allocate funding?	For all regional districts, allocations are the sum of: <ul style="list-style-type: none"> • A flat funding amount of \$500,000; • A funding amount based on the regional districts <u>overall</u> population; • A funding amount based on the regional district's <u>rural</u> population; and • A funding amount based on the growth of the regional district's <u>rural</u> population between 2016-2021. See more detail in the Appendix.
Why is there additional funding for residents in rural (unincorporated) areas?	The additional funding recognizes that rural regions face a particular challenge in the form of relatively high costs of service delivery due to a number of factors: <ul style="list-style-type: none"> • Lower density population • Larger distances that have to be travel by service users and providers • Small number of people in any location that preclude economies of scale.
Why is growth of residents in the unincorporated areas used as one of the measures?	The growth within municipalities is already captured within the municipal grant allocations. The growth of the population in rural (unincorporated areas) is required to capture all areas of population growth within the province.
What is the source of the population data?	The source of the population data is from the BC population estimates (as of January 27, 2023). BC Stats population estimates are based on the Census, they also incorporate other information including provincial health records and tax records from CRA, and accordingly they have historically, on average, been higher than the Census baseline. Because of these reasons the



	federal and provincial governments have viewed population estimates as the more accurate of the two (e.g., population estimates are used to determine provincial health transfers from the federal government).
Use of Funds	
Question	Answer
What are the eligible use of funds?	<p>Eligible infrastructure projects are as follows:</p> <ul style="list-style-type: none"> • Public drinking water supply, treatment facilities and water distribution; • Development finance portions of infrastructure costs that support affordable/attainable housing. These may include DCCs or subdivision servicing charges payable or similar costs. • 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.
Can the funds be used for costs other than capital?	Yes. Other eligible one-off costs include: costs of feasibility studies (including infrastructure capacity assessment); other early-stage development work (including climate resilience assessments); 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
Are expenditures on natural assets eligible?	Yes, provided the natural asset is providing, or part of providing, one of the services described in the eligible categories above.
Will receipt of the GCF affect our eligibility for other infrastructure grant programs?	No. The GCF will not affect decisions on eligibility for infrastructure grant funding. For local governments with approved projects the GCF funding cannot be used as their match as an incremental spend is required. The GCF could be used to offset cost overruns that exceed the grant amount and the local share
Can local governments provide contributions to third parties from GCF?	No, with the exceptions of: <ul style="list-style-type: none"> • municipal contributions to housing projects and infrastructure owned by a regional district when the municipality is a participant in that service. • First Nations infrastructure when it is a shared service or there is a service relationship.
Can we claim staff time on projects?	Permitted in limited situations. Specifically for 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
Can a local government use GCF funding for multi-year project that has already started?	Yes. The GCF can be used for any capital project that has not yet been completed. Projects completed prior to March 1st, 2023 are not eligible for GCF funding. GCF is designed to enable incremental additional expenditures for local governments and not to replace existing capital commitments.
Can GCF be used for related planning projects?	Yes. Feasibility studies (including infrastructure capacity assessment); other early-stage development work are eligible costs. This includes



	conducting a climate lens assessment to determine GHG implications and resilience to future climate.
What happens if funds are ineligibly allocated, if reporting requirements are not met or if funds remain unspent after five years?	The ministry may reclaim any grant funds that are not used for the intended purposes or meet the accountability requirements of the Growing Communities Fund. However, the ministry will work with the local government to determine methods of expending it within eligible categories.
Can the funds be invested while being held in reserve?	The funds may be invested in any of the instruments permissible for local governments under section 183 of the <i>Community Charter</i> .
Allocation of Funds	
Question	Answer
Can the GCF funding be allocated to electoral areas based on the Provincial formula used to determine the grant amounts for each Regional District?	No. The grant calculation for each Regional District took into consideration a base amount and several other key variables. The GCF was intended to assist the board in addressing regional priorities for actual infrastructure and other eligible costs. It is not meant to be reallocated back to electoral areas based on the Ministry allocation formula
Will the Province specify to Regional Boards how to allocate the GCF funding?	No. It is the Regional Boards responsibility to determine the regional priorities and ensure that all the GCF funding is allocated to eligible regional services prior to the end of the 2023 calendar year. However, if requested, the ministry staff can assist regional staff on possible methods of allocation. That said, the final decision will rest with the Board.
How will these grants impact DCCs and other development finance charges?	The intent of the Growing Communities Fund grant is to support the delivery of projects that are incremental to currently planned infrastructure. As such, the projects may not have been included in the current DCC program. However, if the DCC program contains a project to which GCF funds will be allocated, the DCC bylaw must be amended so that the charges take the grant into account. Similar treatment should



	be used to adjust other development finance charges.
Timing	
Question	Answer
When will the grants be disbursed?	The grant will be directly transferred to local governments by March 31, 2023.
What is the timeline over which these grant funds must be expended?	The Provincial Government requests that the funds be expended within five years of receipt.
Reporting	
Question	Answer
What are the reporting requirements?	<p>The RD must provide an initial separate report (schedule) outlining how the funds were allocated to eligible costs for various services. This report would be a schedule to the 2023 annual audited financial statements. (as required under S.377(1)(a) of the <i>Local Government Act</i>). Further to the financial reporting, an annual report that identifies work related to Housing Needs Reports and pre-zoning requirements as applicable, is required.</p> <p>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. The Province also encourages conducting a preliminary climate lens assessment on Growing Communities Fund investments (GHGs and resilience to future climate) similar to the ones used for the CleanBC Communities Fund.</p> <p>Templates for reporting will be posted on line at a later date</p>
Are Regional Districts required to annually report on GCF?	Yes. 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 377 (1)(a) of the <i>Local Government Act</i> . 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.
Will the schedule to the annual audited financial statements be left to the discretion of the Regional District? Does the Ministry have authority to request additional information?	Yes, and yes. The form of the schedule to the annual audited financial statements will be left to the discretion of the Regional District. The Ministry retains the right to request additional information from Regional Districts as required.
Is a separate auditors' report required for this schedule?	No. The Province does not require a separate auditor's report.
Am I required to acknowledge the provincial financial contribution towards funded projects?	Yes. Fund requirements will include parameters for public recognition of the funding related to capital projects.
Reserve Funds	
Questions	Answers
Do Regional Districts need to segregate GCF funding from other funding sources?	No. GCF funds need only be transferred to existing (or new) capital reserve funds that have been established for each of the services that will be allocated GCF funding.
Does interest earned on the GCF need to be tracked and added to the GCF amounts once the funds are allocated to reserve?	Yes. Interest earned in the GCF fund must be tracked and allocated back to the fund and may only be used for eligible purposes related to the GCF program. This is in accordance with S. 189(1) of the <i>Community Charter</i> .

Appendix: Detailed Calculation of Grants

Example Calculation for a Regional District with 65,000 People, 30,000 in Rural Areas

If the Regional District rural population (unincorporated areas) grew by 2,000 people between 2016-2021, the total grant amount is calculated as follows:

Component	Calculation	Result
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Flat Funding	500,000	\$500,000
Total Population	= 65,000 x 17	\$1,105,000
Rural Population	= 30,000 x 30	\$900,000
Rural Population Growth	= 2,000 x 1,000	\$2,000,000
Total Grant		\$4,505,000