



November 2, 2020

Ref: 257671

Robert Bartlett
Chief Administrative Officer
District of West Vancouver
750 - 17th St
West Vancouver BC V7V 3T3

Dear Robert Bartlett:

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 of the 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.

I am pleased to advise you that **West Vancouver** is the recipient of a **\$5,068,000** grant under the COVID-19 Safe Restart Grant for Local Governments. This amount will be directly transferred to your local government in the coming days.

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Robert Bartlett

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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 municipalities.

This formula is based on two components: a flat funding amount and an “adjusted per-capita” amount. The flat amount is \$169,000, and the “adjusted per-capita” amount is \$308.34 per adjusted population.

The adjusted population formula is designed to ensure that larger municipalities receive more money than smaller ones, but that smaller municipalities receive higher per capita funding than larger ones. This is because small municipalities often lack a diverse tax base and the economies-of-scale to easily restart their operations.

An example of the funding formula (for a municipality of 43,000 people) is provided as an attachment to this letter. If you wish, you can apply this formula to your 2018 population of **44,886** to determine both your adjusted population and 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 municipality.

To ensure full transparency regarding the use of funds, your local government will be required to annually report on how it spent this grant. This will be part of your annual financial reporting 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.

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,



Kaye Krishna
Deputy Minister

Attachment

pc: Jennifer Richardson, Grants Analyst, Local Government Infrastructure and Finance Branch
Isabel Gordon, Chief Financial Officer, District of West Vancouver

Attachment: Example Calculation for a Municipality with 43,000 People

City of Rockridge

| | |
|-----------------------------|---|
| Population | 43,000 |
| Adjusted Per Capita Funding | \$308.34 per adjusted population |
| Flat Funding Amount | \$169,000 |

Funding model

| A | | B | E = C (up tp 43,000) | | | |
|------------------|---------|---------|----------------------|--------------------------|-------------------|------------------------|
| Population Range | | C=B-A | D | Rockridge Pop | F = E x D | F |
| From | to | Range | Adjustment Ratio | Rockridge Pop | Adjusted Pop Calc | Adjusted Pop |
| - | 2,000 | 2,000 | 1 | 2,000 | = 2,000 x 1 | 2,000 |
| 2,001 | 5,000 | 3,000 | 0.8 | 3,000 | = 3,000 x 0.8 | 2,400 |
| 5,001 | 10,000 | 5,000 | 0.6 | 5,000 | = 5,000 x 0.6 | 3,000 |
| 10,001 | 20,000 | 10,000 | 0.4 | 10,000 | = 10,000 x 0.4 | 4,000 |
| 20,001 | 40,000 | 20,000 | 0.2 | 20,000 | = 20,000 x 0.2 | 4,000 |
| 40,001 | 150,000 | 110,000 | 0.1 | 3,000 | = 3,000 x 0.1 | 300 |
| 150,001 | 900,000 | 750,000 | 0.05 | - | = 0 x 0.05 | - |
| Sum | | | | 43,000 | | 15,700 G=ΣF |
| | | | | Per capita funding | | \$308.34 H |
| | | | | Funding per Adjusted Pop | | 4,840,938 I=GxH |
| | | | | Flat Funding Amount | | 169,000 J |
| | | | | Total Funding Amount | | 5,009,938 K=I+J |

Thus, a municipality with a population of 43,000 would have an adjusted population of 15,698. With per capita funding of \$308.34, the funding per adjusted population would \$4.84 million. Plus a flat funding amount of \$169,000, the total funding to this municipality would be \$5.009M.

The Population data was taken from the Ministry's Local Government Stats System for 2018 (Schedule 201).

<https://www2.gov.bc.ca/gov/content/governments/local-governments/facts-framework/statistics/statistics>

COVID-19 Safe Restart Grants for Local Governments

| # | Question | Y/N/P | Answer |
|---|--|-------|--|
| 1 | Are municipalities permitted to provide third party contributions from the COVID-19 Restart Grants? For example we have seen a 100% increase in mental health counseling requests in our community - are we able to provide some financial assistance to address this issue? | Y | Grants to non-profits for core community services during COVID-19 are acceptable. However, LGs need to be careful about the prohibition on assistance to businesses. |
| 2 | Will we still be receiving money from Emergency Management BC for our COVID-19 eligible costs that were submitted in our Response Claims Form/Invoice since the Province declared COVID-19 an emergency? | Y | This grant will not impact other funding programs. |
| 3 | Do we have to provide any back up or justification for lost revenue? | P | You don't have to justify your lost revenue. However, as part of the annual reporting on the use of COVID-19 Safe Restart funds, local governments must report on how the funds were used. Thus, you should indicate how much funding was earmarked for lost revenue. |
| 4 | When are the funds going to be disbursed? | N/A | The payments should go out on November 18 or 19. If you have not received payment by November 23, please let Jennifer Richardson know. Her contact information is on the announcement letter. |
| 5 | Will the grant be conditional or unconditional? What will the reporting of the use of the funds look like? | N/A | The grant is technically conditional, but the conditions are extremely broad and non-exhaustive (see announcement letter). The annual report will be a schedule to your audited financial statements. The report does not need to be audited. The report should outline the money received, the use of funds during the calendar year, and the remaining balance at the end of the year. The reporting can be done at a very high level. |
| 6 | Internet connectivity is included as an example of eligible costs. Would upgrading our internet service and bringing high speed internet into the community be an eligible cost? Currently our internet does not support working from home, as the service is quite slow. | Y | Yes, that is an eligible cost. However, remember the prohibition on assistance to business. A local government can either provide the service directly or structure the grant as funding through a municipal internet service and contract the servicing to a private party. Either funding technique should be allowable under the CC. |

| # | Question | Y/N/P | Answer |
|----|--|-------|---|
| 7 | Can we claim staff time - both Union and Management? As a small municipality, almost all of our staff worked many hours on COVID-19 related tasks - writing policy, installing signage, cleaning, attending meeting with our Regional District, preparing communications for residents. Some of the time was overtime, but most was done during regular hours (union) with regular tasks being delayed. And the Management team worked many hours of uncompensated overtime. Would the value of this time be an eligible cost? | P | If you can relate labour costs to one of the broad service items in the announcement letter, then yes, that should be acceptable. |
| 8 | The Grant letter allows for support to fire protection services. If we put some fund to fire truck reserves, is it eligible for the grant? Or do we have to spend the grant by showing invoices? | NP | The primary use of this grant is for operational impacts. Grants can only be used for capital in limited circumstances, including: building restart, upgrade and retrofit costs to address COVID-19 computer, network, and internet system costs to address COVID-19 and repayment of funds borrowed from a capital reserve fund to address COVID-19. Also, the grant cannot be used to reduce 2021 taxes (or keep taxes artificially low). |
| 9 | We are a Regional District and we will receive the grant. Our member municipalities will receive their grants too. However the electoral areas will receive nothing. Are we supposed to focus on the electoral areas in terms of where to spend the grant? | P | It is entirely up to the RD board as to how they choose to allocate the money. However, a good starting point would be to examine services that were impacted by COVID-19. E.g. recreation and community centres. |
| 10 | The Town of Oliver is in a position where we received approximately \$1.6M. To date it is estimated that we have incurred approximately \$700k of expenses or decrease of revenues due to COVID-19. Moving forward can these funds be continued to be utilized to offset decreases in revenues or increased expenditures and if so how long into the future? | Y | There is no time limit in the regulation creating this grant. The Province anticipates local governments will use this money through both the COVID-19 and post-COVID-19 recovery period (2020, 2021, and maybe 2022). |
| 11 | What is the broad position on this grant for accounting treatment? Does the group agree that there are sufficient conditions in the letter that support treatment as deferred revenue rather than immediate revenue recognition? An example of the preferred financial statement schedule from the Ministry would be helpful. | N/A | The accounting treatment is a local government issue. LGs, GFOA, and the accounting firms should come to a broad agreement on the accounting treatment in accordance with PSAB. The schedule only needs to identify the grant revenue received, the spending made in the year (listed by broad category of eligible spending items), and the remaining balance. Please note: while the schedule is part of the annual financial statements, it does not need to be audited. |

| # | Question | Y/N/P | Answer |
|----|---|-------|--|
| 12 | <p>How many years will we have to spend the money?</p> <p>Will we receive a more comprehensive list of eligible and ineligible expenditures?</p> <p>Can we spend these funds on expenditures incurred before the date of approval or receipt?</p> <p>When will we receive more information on reporting requirements?</p> | N/A | <p>There is no time limit in the regulation creating this grant. The Province anticipates local governments will use this money through both the COVID-19 and post-COVID-19 recovery period (2020, 2021, and maybe 2022).</p> <p>The grant announcement letter presented a list of eligible costs. As you will see, they are very broad and non-exhaustive.</p> |
| 13 | <p>Is it possible to give a definitive answer on what these funds can be used for? Are they to be used upon our discretion? For any operating costs? (I assume capital projects would not be covered).</p> <p>Is there a time limit on spending these funds? Is there a reporting process afterwards?</p> | N/A | <p>The grant announcement letter provided a very broad list of eligible costs that is non-exhaustive. Costs not on the list that are related to COVID-19 impacts on local governments are acceptable. This is primarily an operating grant; though, certain capital costs are acceptable, including: facility restart, upgrade, and retrofit costs to deal with COVID, computer, network, and internet system costs to address COVID-19 pressures, and reimbursement of funds borrowed from capital reserves to address COVID-19. Also, using the grant to reduce 2021 taxes is not acceptable.</p> <p>There is no time limit on spending the grant, but the Province anticipates that local governments will spend most or all of the money by the end of 2022. The reporting requirement is set out in the funding letter. Essentially, each local government must report on the funds received, the use of money over the course of a year, and the remaining left unused. LGs must report this until the funds are fully utilized (likely before the end of 2022). While the schedule will be part of the annual financial statements, it will not require an audit.</p> |

| # | Question | Y/N/P | Answer |
|----|---|-------|---|
| 14 | I am wondering how will the Restart Grant be audited? | N | No, this is a liquidity injection to help local governments deal with COVID-19 related costs. There will be no audit and no clawback. All the Province wants to know is where the money was spent. This will help inform future provincial measures should another state of emergency occur. |
| 15 | Can you please ask the Ministry if we are allowed to use the funds to replenish our Asset Management reserve that was reduced due to COVID? We significantly reduced our contribution to our Asset Management reserve in order to keep property taxes manageable due to COVID-19 and it looks like we need to do this again for 2021. | Y | Yes, you can use the funds to replenish any reserve funds or repay outstanding revenue anticipation borrowing that was incurred due to COVID-19 |
| 16 | The letter lists a number of “eligible costs” under the grant; does this imply that there will be some “ineligible” costs as well, and if so, when will these be available? Will this grant impact any outstanding EOC claims we may have? In other words, should we be expecting payment for eligible, approved EOC expenses on top of what we’re getting under this grant? | N/A | If unsure, it may be best to play it safe and keep to the very broad list of "eligible costs". Though, you can also include other COVID-19 related operational costs not listed. No, the grant will have no impact on any other funding programs. |
| 17 | Is there funding for Improvement Districts? | N/A | The Province normally does not provide grant funding to Improvement Districts. Improvement Districts rely on a much more stable and limited set of revenue tools. Thus, we are not anticipating any material problems from IDs. However, if you are aware of an Improvement District in deep financial trouble due to COVID-19, please let Sean Grant know. |
| 18 | Is the Local Government able to distribute some of the funds to local community organization who provide services to vulnerable populations? (as opposed to the LG providing those services directly) | YP | Yes, providing these are non-profit and charitable organizations. Remember the prohibition on assistance to businesses without a formal partnering agreement in place for provision of a municipal service. |

| # | Question | Y/N/P | Answer |
|----|---|-------|--|
| 19 | <p>Many local governments are assuming that the funds can be allocated to previously outlaid expenses from spring/summer of 2020. Can we please confirm these expenses area eligible?</p> <p>With the expectation that the Ministry is not expecting the schedule to be audited, has the Ministry considered removing the requirement for the schedule to be included in the financial statements, and instead provide a separate reporting document that the local governments can complete as is done with Community Works Fund? The concern is that this is the first time that one funder has requested that all local governments include a schedule in their financial statements, and this could start other funders wanting this to be the norm, which would increase efforts and costs surrounding the financial statements.</p> | YP | <p>Yes, eligible expenses include outlays that occurred during 2020.</p> <p>The statement will be a schedule to the audited financial statements (please note that the schedule does not require auditing). That is the easiest and most transparent way of providing the statement for the Ministry, because audited financial statements must be annually submitted to the Local Government Infrastructure and Finance Branch.</p> |
| 20 | <p>It was stated that reporting to the Province would be achieved by adding a schedule to the Audited Financial Statements. It would be helpful to have a template to refer to ASAP so we can prepare and integrate into CaseWare and CaseView for 2020 reporting.</p> | N/A | <p>You can design the schedule yourself. We only want three components: How much money did you receive, how much did you spend in the calendar year (and on what), and what is the remaining balance at the end of year. You must report on this until the fund is fully utilized (likely before the end of 2022). Please note that we don't expect a great deal of detail in these reports; a high-level classification of each spending item is fine. For example: if you spend \$100,000 on system upgrades, it is completely fine to state "\$100,000 for systems upgrades" we don't need to go into detail on what those upgrades are).</p> |