

Report

Date March 15, 2023
Subject Growing Communities Fund Options

File:

PURPOSE

To provide recommendations for the allocation of the \$7,686,000 Growing Communities Fund Grant announced by the Province on March 3, 2023.

BACKGROUND

On March 3, 2023, the Province announced a \$1 billion one-time funding contribution to local governments to address the needs of growing communities. Although detailed information on the allowable uses of the funds has not yet been received, the press release does state that the funding will support projects such as affordable housing, childcare facilities, recreation centres and road improvements and allow for accelerating the replacement of aging systems and expansion of services to meet the needs of growing populations.

North Cowichan will be receiving \$7,686,000 from this program in the next few weeks.

DISCUSSION

When considering options for the use of the funds, staff reviewed the departmental business plans and the financial plan for opportunities to achieve the strategic direction of Council and the goals of the funding program while having a lasting impact on citizens. Recommendations for Council consideration are:

Crofton Firehall (\$4,800,000) 2023 tax savings = \$97,200; ongoing tax savings = \$390,700

An alternative approval process was conducted in 2022 to authorize borrowing up to \$4,800,000 to replace the Crofton Firehall. The 2023 budget includes this expenditure as well as \$97,200 in expected interest costs for the year. Debt servicing costs beginning in 2024 and over the next 20 years total \$390,700. Therefore, using the grant funding for the Firehall results in a 0.3% tax reduction for 2023 and a 1.09% reduction for 2024, with the savings carrying on for the next 20 years.

Curbside Automation Capital Costs (\$1,984,000) Ongoing savings of \$30 per household

Included in the calculations for establishing the automated curbside collection service is the cost of bins, estimated at \$981,000 and trucks, estimated at a net cost of \$2,203,000 after the contribution from the CAEP reserve. The garbage truck reserve fund has \$1,200,000 to put towards these expenditures, leaving \$1,984,000 to be funded by the ratepayers. Using the grant funding to cover the one-time costs allows for a reduction in the annual user fee to \$153, saving each household \$30 per year.

Affordable Housing Initiative (\$902,000) 2024 savings of \$432,000

On June 15, 2022, Council resolved to invite the Community Land Trust to submit a grant in aid application for up to \$432,000 for the affordable housing project on Sherman Road and to commit \$75,000 from the Affordable Housing Fund to the project. The grant in aid amount represents approximately half of the estimated building permit fee and development cost charges for the project.

As noted in the staff report, the final dollar value is subject to Council approval; however, based on the resolution, \$432,000 could be saved if the Growing Communities funding was used to support this project rather than using a contribution from taxes or other reserves.

Staff recommend that the remaining funding of \$470,000 also be placed in the Affordable Housing Reserve to fund future affordable housing projects. The development of an Affordable Housing Policy and implementation strategy are in staff's 2023 work plan. After the \$75,000 contribution from the reserve to the Sherman Road property, the reserve fund will be reduced to just \$39,000. Adding these additional funds will allow for the implementation of the policy to begin.

OPTIONS

1. **(Recommended Option)** This option includes approval of all three staff recommendations as well as amendments to the Financial Plan and Fees and Charges Bylaws.

THAT Council:

- (1) Authorize the one-time grant of \$7,686,000, received under the Growing Communities Grant Fund, to be allocated as follows:

- (a) \$4,800,000 for the Crofton Fire Hall
- (b) \$1,984,000 for the capital costs of curbside automation
- (c) \$902,000 contribution to the Affordable Housing Reserve, and,

- (2) Direct staff to amend:

- (a) Financial Plan Bylaw No. 3896 to reflect the allocation of the \$7,686,000 one-time grant and,
- (b) Fees and Charges Bylaw No. 3784 to reduce the annual waste collection fee from \$183 to \$153 per household.

- Under this option, the full grant amount will be allocated, and Council may make future funding decisions related to affordable housing following the adoption of the Affordable Housing Policy.
- This option allows for a reduction in 2023 and future year's property taxation as well as a reduction in the user fee for curbside collection service.

2. For Council to consider alternative projects for funding allocation.

THAT Council refer the allocation of the one-time grant of \$7,686,000, received under the Growing Communities Grant Fund, to a Special Committee of Whole Meeting to be scheduled on March 21, 2023, to discuss alternative options/projects to allocate these funds towards.

- This allows time for Council to suggest alternative projects and for staff to bring forward an amendment to the Five Year Financial Plan Bylaw in advance of providing direction on property tax distribution.

- In order to meet the legislative deadline of adoption "before May 15", options for tax rates must be discussed at the April Committee of the Whole meeting. A Special meeting will be required as having a finalized property tax revenue target will allow for the true impacts of the 2023 tax to be considered at the April meeting.

IMPLICATIONS

Should Council approve the three recommended funding options, the property tax increase for 2023 would be reduced to 4.53% and would be reduced from 6.01% in 2024 to 4.93%. Homeowners would also see a \$30 per household reduction in the approved curbside collection fee.

The Affordable Housing Reserve contribution will provide funding for the implementation of the upcoming policy without impacting current taxpayers.

RECOMMENDATION

THAT Council:

- (1) Authorize the one-time grant of \$7,686,000, received under the Growing Communities Grant Fund, to be allocated as follows:
 - (d) \$4,800,000 for the Crofton Fire Hall
 - (e) \$1,984,000 for the capital costs of curbside automation
 - (f) \$902,000 contribution to the Affordable Housing Reserve, and,
- (2) Direct staff to amend:
 - (a) Financial Plan Bylaw No. 3896 to reflect the allocation of the \$7,686,000 one-time grant and,
 - (b) Fees and Charges Bylaw No. 3784 to reduce the annual waste collection fee from \$183 to \$153 per household.

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Approved to be forwarded to Council:



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