



The Corporation of the District of Saanich | Mayor's Office

770 Vernon Avenue Victoria BC V8X 2W7 | T 250-475-5510 | F 250-475-5440 | www.saanich.ca

Sent via email

June 1, 2021

British Columbia Elected Officials
BC Chief Administrative Officers

Re: British Columbia Climate Action Revenue Incentive Program (CARIP) Ending

This letter will confirm that Council, at their meeting held May 17, 2021, considered a staff report on the end of the Climate Action Revenue Incentive Program (CARIP) and resolved as follows:

“That Council:

- 1. Receive for information the report of the Director of Planning dated May 13, 2021.*
- 2. Direct the Mayor to send a letter to the Premier, the Minister of Municipal Affairs; the Minister of Environment and Climate Change Strategy; the Minister of Finance, and the Union of British Columbia Municipalities (UBCM) based upon the draft provided, detailing the impact of cancelling the Climate Action Revenue Incentive Program (CARIP) and the need for a swift replacement that provides consistent, non-application funding to allow the District of Saanich and other municipalities to continue their work at a scale that can deliver on the Provincial CleanBC Plan and Municipal Climate Plans.*
- 3. Direct staff to draft a resolution to UBCM on a replacement CARIP program and present this to Council for consideration prior to the June 30, 2021 submission deadline.*
- 4. **Share this report and attachments with the Capital Regional District Board of Directors, other BC municipal elected officials and Chief Administrative Officers in advance of the UBCM Conference in September, 2021.***

A copy of the report and draft meeting minutes are attached for information.

Sincerely,

Fred Haynes
Mayor

Enclosures

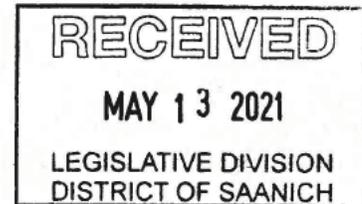
cc: Saanich Council
Sharon Hvozdzanski, Director of Planning, District of Saanich
Valla Tinney, Director of Finance, District of Saanich



The Corporation of the District of Saanich

Report

To: Mayor and Council
From: Sharon Hvozanski, Director of Planning
Date: May 13, 2021
Subject: Ending the B.C. Climate Action Revenue Incentive Program (CARIP)
File: 1300-50 • Provincial Governments



RECOMMENDATION

1. That Council receive this report for information.
2. That Council send a letter to: Premier John Horgan; the Minister of Municipal Affairs; the Minister of Environment and Climate Change Strategy; and the Union of B.C. Municipalities (UBCM) based upon the draft provided in Attachment 2, detailing the impact of cancelling the Climate Action Revenue Incentive Program (CARIP) and the need for a swift replacement that provides consistent, non-application funding to allow the District of Saanich and other municipalities to continue their work at a scale that can deliver on the Provincial CleanBC Plan and Municipal Climate Plans.
3. That Council direct staff to draft a resolution to the Union of B.C. Municipalities on a Replacement CARIP Program and present this to Council for consideration prior to the June 30, 2021 submission deadline.
4. That Council share this report and attachments with the Capital Regional District Board of Directors, other B.C. municipal elected officials and Chief Administrative Officers in advance of the Union of B.C. Municipalities Conference in September, 2021.

PURPOSE

The purpose of this report is to provide Council with information regarding:

- The announced end to the Provincial Climate Action Revenue Incentive Program (CARIP);
- The implications this has for District of Saanich climate action; and
- Proposed next steps.

DISCUSSION

Provincial Announcement - Climate Action Revenue Incentive Program (CARIP)

In terms of background, the Climate Action Revenue Incentive Program (CARIP) is a conditional grant program that provides funding to local governments that have signed the B.C. Climate

Action Charter. This funding equals 100% of the carbon taxes a local government pays to support their operations.

The program requires local governments to report annually on their greenhouse gas (GHG) emissions and encourages investment in climate action to help the Province deliver on its commitment to carbon neutrality. Since the Climate Charter was launched in 2007, 187 of 190 municipalities, regional districts and the Islands Trust have signed up, providing the Province with a comprehensive database of municipal corporate emissions inventories and corporate and community climate actions implemented at the local level.

On May 11, 2021 the Deputy Minister, and Assistant Deputy Minister for the Local Government Division of the Ministry of Municipal Affairs called a meeting with all Municipal and Regional District Chief Administrative Officers (CAO) to announce the end of the Climate Action Revenue Incentive Program. It was indicated that this decision was a direct result of the recently introduced Provincial Budget. A follow up e-mail was then issued that includes information shared at the meeting (see Attachment 1).

The Province has outlined that 2020 will be the final year for reporting, with the final grant paid to local governments in 2021. They indicated that at this stage no replacement program with unconditional funding is planned and future programs would be application based. They aim to work with local governments through UBCM and the Green Communities Committee on further supporting the CleanBC goals.

In light of the Federal government's renewed climate commitments prior to the United Nations Climate Change Conference (COP26), the withdrawal of this consistent provincial funding source for climate action was extremely unexpected and it is clear that local governments have not been engaged in this decision.

Implications

Loss of Consistent Funding

The District of Saanich has participated in the CARIP program since signing the Climate Charter in 2007 and has benefited from more than \$1.3 million over the last 10 years, with approximately \$150,000 annually in recent years.

This funding has been used within the Sustainability Division of the Planning Department to support staff wages, implement community climate mitigation and adaptation projects and to leverage larger climate related grant applications, which often require a substantial contribution from the local government partner.

Examples of projects supported by CARIP funding include, but are not limited to:

- Feasibility analysis, design and installation of multiple rounds of public Electric Vehicle (EV) charging stations;
- Communications campaigns for home energy efficiency upgrades, the Oil to Heat Pump program and Better Home BC rebates;
- Municipal top-ups to provincial rebates for home energy retrofits;

- Analysis and engagement to support the introduction of the Saanich Greener Garbage program and the BC Energy Step Code;
- Funding for the B.C. Sustainable Energy Association (BCSEA) CoolIt! School climate leadership education program;
- Installation and maintenance of Bike kitchens at Saanich facilities;
- Support for engagement and analysis related to electric mobility and development of the Electric Mobility Strategy; and
- Workshops on local food production and processing.

Until approval of the 2021 Budget in May of this year, CARIP has been the main source of sustained and consistent funding for community focused climate action at the District of Saanich, with the Carbon Fund used for corporate climate action projects. While Council has committed to multiple one-time resource requests to support climate action where opportunities arose or costs exceeded CARIP funding, this approach does not provide the reliability afforded by the CARIP program. As such, CARIP has been instrumental in the development of a District of Saanich Sustainability Division and the hiring and retention of sustainability staff. Many other B.C. municipalities will have sustainability staff that are still resourced through CARIP funding.

Therefore, the clear lack of a replacement program that provides a consistent and reliable funding source for municipal climate action and the shift towards solely competitive funding streams and programs is of major concern.

Competitive funding programs and grants require significant effort, staff time and, often, financial resources to fund the analysis needed for an application with no guarantee of success. They also take substantial time and resources for evaluation by the decision making body. We regularly hear that grant programs and competitive funding streams are highly competitive and over-subscribed. In addition, they rely on match funding or financial contributions from the local government partner.

In the absence of either the CARIP program or a similar source of consistent funding, many municipalities will be limited in their ability to apply for such competitive programs or grants and it will be extremely difficult to develop work plans and implement climate programs that span multiple years based upon this competitive funding approach. This change is being implemented in a time of particular uncertainty when there is an overwhelming demand for municipal tax dollars to support core municipal services and local governments have limited ability to pivot on budget decisions. Removing dedicated climate action funding will create a shortfall that is unlikely to be met by many local governments through the municipal tax base.

Loss of Coordinated Reporting & Data

Saanich has recently committed to developing a comprehensive annual climate report card that aligns with the goals and actions outlined in the Climate Plan and Electric Mobility Strategy. Further, we report on community-wide GHG emissions through the Carbon Disclosure Project (CDP) using the globally recognized Global Protocol for Community Scale GHG Emissions Inventories (GPC Basic+). However, there are only a limited number of B.C. municipalities that are providing this level of climate reporting.

The CARIP program established a consistent climate reporting template for all B.C. local governments that had signed onto the Climate Charter and represents over a decade of publicly accessible data on municipal climate action. This is a true example of global best practice in coordinated climate reporting. Local government have spent significant effort building internal capacity and restructuring reporting systems to align with CARIP and the process has, in many municipalities, supported the development of strategic plans for climate action, monitoring and reporting on progress and the regular cross-departmental collaboration necessary to identify opportunities for climate related projects and programs.

Proposed Next Steps

Some amendments to the CARIP process and report template would be valuable and local governments can provide important insight moving forward. For instance, as Saanich and other municipalities move towards our corporate GHG reduction targets and increase our requirements for contractor climate responsibilities, we will pay less carbon tax as a result. While this should be addressed by an increase in the carbon tax in the short term, as we get close to our zero carbon targets, the CARIP funding will be reduced. In addition, funding based on fossil fuel consumption may be perceived as rewarding a lack of progress. As such, changes to the program could include the move from a carbon tax refund based upon fossil fuel consumption to one based on municipal population. However, there remains considerable benefit to continuing with a climate program that provides consistent funding tied to the delivery of a simple annual climate report.

A draft letter to: Premier John Horgan; the Ministry of Municipal Affairs; the Minister of Environment and Climate Change Strategy; and the Union of B.C. Municipalities (UBCM) is included as Attachment 2 for Council's consideration.

This letter outlines the value of the CARIP program and associated funding to the District of Saanich and the considerable implications for the program's end. It advocates for the Province to engage local governments in the design and implementation of a replacement program that offers consistent funding that is comparable to or greater than that is currently provided by CARIP. Program funding should be used for climate action (mitigation and adaptation), tied to a requirement for annual reporting on progress towards climate goals and should be in place for the first payments to be received by municipalities in 2022. It is recommended that Council sends this letter to the Provincial officials listed above.

In addition, there is the opportunity for Council to submit an endorsed resolution directly to UBCM prior to June 30, 2021 that would address the impact of ending the CARIP program and propose the swift development of a suitable replacement. It is recommended that Council direct staff to draft such a UBCM resolution for their consideration.

Finally, it is recommended that this Council report and attachments be shared with the CRD Board, other B.C. municipal elected officials and Chief Administrative Officers in support of an additional coordinated response and discussion at the UBCM Conference in September 2021.

ALTERNATIVES

1. That Council approve the recommendations as outlined in this report.
2. That Council reject the recommendations as outlined in this report.
3. That Council provide alternate direction to staff.

FINANCIAL IMPLICATIONS

The District of Saanich has participated in the CARIP program since signing the Climate Charter in 2007 and has benefited from more than \$1.3 million from the program over the last 10 years. In 2020, CARIP funding amounted to \$154,072. This forms a substantial portion of the Sustainability Division's budget. Should a similar Provincial program that provides consistent funding for municipal climate action not be developed to replace CARIP by 2022, then staff will need to bring forward a resource request to Council as part of the 2022 budget to ensure the required sustained funding necessary, to effectively deliver on the Climate Plan actions and goals. As always, staff will continue to apply for senior government and other sources of external funding. That said, the time spent seeking out and applying for external funding draws valuable staff resources away from work on corporate and community GHG initiatives.

STRATEGIC PLAN IMPLICATIONS

The 2021 Council Budget requests and Sustainability Division and Planning Department work plans have been developed on the understanding that the CARIP program will continue. As such, removal of this funding without a suitable and consistent replacement impacts the ability to deliver on the 2019-2023 Council Strategic Plan Goal: 'Climate Action and Environmental Leadership', most notably the initiative to implement Saanich's Climate Plan.

CONCLUSION

CARIP has been a valuable source of consistent and dedicated funding over the last decade, allowing municipalities to take action on climate change by resourcing staff, undertaking key emissions reduction projects and leveraging larger climate related grants. It is a true example of global best practice in coordinated and consistent climate reporting by local governments at the provincial level.

On May 11, 2021 the Ministry of Municipal Affairs announced the end of the CARIP program, with the final grant paid to local governments in 2021. This amounts to a loss of approximately \$150,000 in consistent annual funding to the District of Saanich, which is used to address climate change.

In light of the Provincial commitment to climate action outlined in CleanBC and the Federal government's renewed climate commitments prior to COP26, the end of the CARIP program and withdrawal of this consistent provincial funding source was extremely unexpected and it is clear that local governments have not been engaged in the decision. The absence of a replacement program and shift towards competitive funding applications has considerable implications for dedicated municipal staffing and actions on climate change and jeopardises a decade's worth of work monitoring and reporting on local government GHG emissions and progress.

As such, staff are recommending that Council advocate to the Province via letter to the Premier, appropriate Ministries and UBCM, for a swift replacement of the CARIP program with consistent, non-application based funding, tied to annual climate reporting and that this be followed by a Council endorsed resolution submitted to UBCM addressing the same. This will allow municipalities to continue their work at a scale necessary to address the Climate Emergency and deliver on CleanBC and Municipal Climate Plan goals.

Prepared by:

Rebecca Newlove, Manager of Sustainability

Approved by:

Sharon Hvozdanski, Director of Planning

RN/jsp

Attachments: 1. E-mail from Province of BC, Ministry of Municipal Affairs Re: CARIP Reporting 2020, May 11, 2021
2. Draft Letter to Premier John Horgan, the Minister of Municipal Affairs, the Minister of Environment and Climate Change Strategy and the Union of B.C. Municipalities (UBCM)

cc: Valla Tinney, Director of Finance

ADMINISTRATOR'S COMMENTS:

I endorse the recommendation from the Director of Planning

Paul Thorkelsson, Chief Administrative Officer

Jon Poole

From: Rebecca Newlove
Sent: Wednesday, May 12, 2021 11:11 AM
To: Rebecca Newlove
Subject: Re: Climate Action Revenue Incentive Program (CARIP) Reporting 2020

From: INFRA MUNI:EX [REDACTED]
Sent: Tuesday, May 11, 2021 12:40 PM
To: INFRA MUNI:EX <[REDACTED]>
Subject: (External Email) Re: Climate Action Revenue Incentive Program (CARIP) Reporting 2020

This email sent from outside the District of Saanich. Use caution if message is unexpected or sender is not known to you.

To: All Municipal and Regional District Chief Administrative Officers and Chief Financial Officers

Re: Climate Action Revenue Incentive Program (CARIP) Reporting 2020

Many thanks to all who joined Deputy Minister Okenge Yuma Morisho and me on today's call about the Climate Action Revenue Incentive Program (CARIP), please accept our apologies for the technical difficulties on the call that some experienced. This email includes the information that was shared during the call. We want to emphasize that local governments throughout British Columbia have shown great leadership on climate action. The province is committed to working with local governments to reach our climate goals and make life better for people across British Columbia.

For those who were unable to attend or hear due to some technical difficulties on the call, I wish to inform you and your staff that the CARIP will be wrapping up in the 2021/22 fiscal year. During this final program year, local governments will be required to complete and submit the 2020 Carbon Tax Calculation Form. **This will be the only reporting requirement.**

All program information is available on the [Ministry of Municipal Affairs' CARIP webpage](#). In particular, we encourage you to review the CARIP [Program Guide](#) for 2020 prior to completing the 2020 [Carbon Tax Calculation Form](#).

CARIP Reporting Requirement

1. **2020 Carbon Tax Calculation Form (submission deadline: August 6, 2021)**
Complete and submit a signed electronic version of the form to [REDACTED]. This form requires Financial Officer certification.

The end of the CARIP program should not be interpreted as the Province pulling back from the productive relationship we have and we look forward to working with UBCM, through the Green Communities Committee, to support the goals of the Climate Action Charter.

Under CleanBC, the Province of British Columbia has put a priority on reducing pollution, boosting energy-efficient solutions and building a low-carbon economy. Local governments will continue to be a key partner in

our collective efforts to address the challenges of a changing climate, playing a specific and important role in British Columbia's climate goals.

Just as local governments' actions on climate solutions have evolved in the past decade, our government is responding to support you with tools and funding programs such as:

- Updating the BC Action Climate Toolkit and the Green Communities Committee Carbon Neutral Framework.
- Investing \$110 million in combined provincial and federal funding to help local governments and Indigenous communities develop energy efficiency and clean energy projects through the Investing in Canada Infrastructure Program CleanBC Communities Fund.
- Working with the federal government to assess the climate impacts of all major infrastructure being funded under the Investing in Canada Infrastructure Program to reduce GHG emissions and increase resilience to climate change, which benefits communities and creates jobs.
- Boosting active transportation infrastructure with \$18 million through the Ministry of Transportation and Infrastructure.
- Making sure commuters can get out of their cars with historic investments in public transit, such as the Broadway Subway Line, and free transit for kids 12 and under starting this September.

Budget 2021 commits \$11 million in new funding to help local governments plan for compact, energy-efficient communities, directly supporting the Climate Action Charter's commitment to create complete, compact, energy-efficient rural and urban communities. We look forward to working with all local governments through UBCM and the Green Communities Committee on how to support greener and more livable communities.

Building on record investments in CleanBC, the Province will continue to strengthen our work with local governments and support the Climate Action Charter.

If you have any questions, please contact the Ministry of Municipal Affairs at [REDACTED] or [REDACTED]

Kind regards,

Tara Faganello
Assistant Deputy Minister, Local Government Division
Ministry of Municipal Affairs

May , 2021

The Honourable John Horgan, MLA
Premier of British Columbia
Office of the Premier
PO Box 9041 Stn. Prov. Govt.
Victoria BC V8W 9E1

The Honourable Josie Osborne, MLA
Minister of Municipal Affairs
PO Box 9056 Stn. Prov. Govt.
Victoria BC V8W 9E2

The Honourable George Heyman, MLA
Minister of Environment and Climate Change Strategy
PO Box 9047 Stn. Prov. Govt.
Victoria BC V8W 9E2

Councillor Brian Frenkel
President, Union of B.C. Municipalities
Local Government House
525 Government Street
Victoria BC V8V 0A8

Dear Premier John Horgan:

Re: B.C. Climate Action Revenue Incentive Program (CARIP) Ending

This letter will confirm that Council, at their meeting held May 17, 2021, considered a staff report on the end of the Climate Action Revenue Incentive Program (CARIP) (see attached) and resolved as follows:

“That Council send a letter to: Premier John Horgan; the Minister of Municipal Affairs; the Minister of Environment and Climate Change Strategy; and the Union of B.C. Municipalities (UBCM) based upon the draft provided in Attachment 2, detailing the impact of cancelling the Climate Action Revenue Incentive Program (CARIP) and the need for a swift replacement that provides consistent, non-application funding to allow the District of Saanich and other municipalities to continue their work at a scale that can deliver on the Provincial CleanBC Plan and Municipal Climate Plans;

That Council direct staff to draft a resolution to the Union of B.C. Municipalities on a Replacement CARIP Program and present this to Council for consideration prior to the June 30, 2021 submission deadline; and

That Council share this report and attachments with the Capital Regional District Board of Directors, other B.C. municipal elected officials and Chief Administrative Officers in advance of the Union of B.C. Municipalities Conference in September, 2021.”

On May 11 2021, the District of Saanich was made aware of the end to the Climate Action Revenue Incentive Program (CARIP) through an announcement made by the Ministry of Municipal Affairs.

In light of the Provincial commitment to climate action outlined in CleanBC and the Federal government's renewed climate commitments prior to the United Nations Climate Change Conference (COP26), the end of the CARIP program and withdrawal of this provincial funding source for climate action was extremely unexpected and it is clear that local governments have not been engaged in the decision.

CARIP has been a critical source of consistent and dedicated funding over the years, allowing municipalities to take action on climate change by resourcing staff, funding key emissions reduction projects and leveraging larger climate related grants. It is a true example of global best practice in coordinated and consistent climate reporting, representing over a decade of data on climate action at the municipal level.

The District of Saanich has delivered a considerable number of high impact actions using CARIP funding, ranging from multiple rounds of public electric vehicle charging stations, to the analysis and engagement required to support adoption of the BC Energy Step Code. Additional examples are provided in the attached Council Report. Further, CARIP funding has been instrumental in the development of a Sustainability Division and the hiring and retention of sustainability staff, which, until 2021, were still partly resourced via CARIP funding. Many other municipalities will have staff delivering on climate action that are still resourced through the CARIP carbon tax refund.

Given this, the clear lack of a replacement program that provides a consistent and reliable funding source for municipal climate action and the shift towards solely competitive funding streams and programs is of major concern. Such programs require significant effort, staff time and, often, financial resources to fund the analysis needed for an application with no guarantee of success. They also take substantial time and resources for evaluation by the decision making body and we regularly hear that grant programs and competitive funding streams are over-subscribed. In addition, they rely on match funding or financial contributions from the local government partner. In the absence of either the CARIP program or a similar source of consistent funding, many municipalities will be limited in their ability to apply for such competitive programs. Further, this level of uncertainty makes it extremely difficult to plan for and implement climate actions that span multiple years.

While some amendments to the CARIP process and report template would be valuable, for example, the move from a carbon tax refund based upon fossil fuel consumption to one based on municipal population, there remains considerable benefit to continuing with a program that provides consistent funding tied to the delivery of a simple annual climate report.

This change is being implemented in a time of particular uncertainty when there is an overwhelming demand for municipal tax dollars to support core municipal services and local governments have limited ability to pivot on budget decisions. Removing dedicated climate action funding will create a shortfall that is unlikely to be met by many local governments through the municipal tax base.

As such, Council requests that the Province engage local governments on the swift replacement of CARIP with a program that provides consistent, non-application based funding, tied to annual climate reporting and with first payments received by local governments in 2022. This will allow municipalities to continue their work at a scale necessary to address the Climate Emergency and deliver on CleanBC and Municipal Climate Plan goals.

Sincerely,

Angila Bains, B.A., CMC,
Manager, Legislative Services

RN/

Enclosures: Council Report:

cc. Mayor and Council
Paul Thorkelsson, Chief Administrative Officer, District of Saanich
Sharon Hvozdzanski, Director of Planning, District of Saanich
Valla Tinney, Director of Finance, District of Saanich
Tara Faganello, Assistant Deputy Minister, Local Government Division, Ministry of Municipal Affairs

2560-50
Climate Action

ENDING THE BC CLIMATE ACTION REVENUE INCENTIVE PROGRAM (CARIP)

Report of the Director of Planning dated May 13, 2021. To provide Council with information regarding:

- The announced end to the Provincial Climate Action Revenue Incentive Program (CARIP);
- The implications this has for the District of Saanich Climate Action; and
- Proposed next steps.

The Manager of Sustainability provided an overview of the termination of the BC Climate Action Revenue Incentive Program.

MOVED by Councillor Chambers and Seconded by Councillor Plant: “That Council:

- 1. Receive for information the report of the Director of Planning dated May 13, 2021;**
- 2. Direct the Mayor to write a letter to the Premier, the Minister of Municipal Affairs, the Minister of the Environment, Minister of Finance and Climate Change Strategy, and the Union of British Columbia Municipalities based upon the draft provided, detailing the impact of cancelling the Climate Action Revenue Incentive Program (CARIP) and the need for a swift replacement that provides consistent, non-application funding to allow the District of Saanich and other municipalities to continue their work at a scale that can deliver on the Provincial CleanBC Plan and Municipal Climate Plans;**
- 3. Direct staff to draft a resolution to the Union of British Columbia Municipalities on a replacement CARIP program and present this to Council for consideration prior to the June 30, 2021 submission deadline; and**
- 4. Share this report and attachments with the Capital Regional District Board of Directors, other BC municipal elected officials and the Chief Administrative Officers in advance of the Union of British Columbia Municipalities conference in September 2021.”**

Council discussion ensued with the following comments:

- The cuts to funding are disappointing.

The Motion was then Put and CARRIED