



# REPORT

To: Rural Budgets Administration Committee

Report Number: FN-RBAC-111

From: Teri Vetter, Chief Financial Officer

Date: November 25, 2021

**Subject: Rural Loan Fund Policy**

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## **RECOMMENDATION:**

That the Rural Budgets Administration Committee recommend that the Regional Board adopt the Rural Loan Fund Policy, which sets out the principles and guidelines governing the issuance of loans and grants from the Rural Loan Fund Reserve administered by the Rural Budgets Administration Committee.

## **BACKGROUND/RATIONALE:**

In alignment with the PRRD Strategic Plan, a comprehensive review of the Rural Budgets Administration Committee (RBAC) Funding Policies booklet, comprised of some formal policies and other additional guidelines the Committee routinely followed and were included in the booklet for convenience, was launched. The RBAC Funding Policies booklet was approved by RBAC in 2014, to assist staff and Directors with funding decisions, as a 'one stop shop' for information regarding grant policies and guidelines.

The various RBAC Funding Policies were written to assist RBAC in their decision making process for the award of grants to support improvements, and increase programs and services for those communities located in the rural areas of the PRRD. The RBAC Funding Policies booklet, in its current form, functions as a large multiple page manual that contains various guidelines for a number of different grant funding options that is not user friendly, easy to follow, or interpret. In an effort to streamline this document, enhance and clarify for staff and RBAC consistency around grant administration, and to make it easier for potential grant applicants to understand the eligibility, application, and reporting requirements, four new policies have been created based on the information contained in the existing RBAC Funding policies. These new policies are consistent with and reflective of local government legislative requirements and best practices. This report provides information on the new Rural Loan Fund policy. To date, the Rural Loan Fund has not benefited from a formal policy document governing its administration; this is a new policy drafted to provide clarity for the use of the Rural Loan Fund.

The proposed Rural Loan Fund Policy establishes guidelines to assist RBAC in providing loans and non-repayable grants to organizations. This new policy contains clear and concise information for all readers and is written in the appropriate formatting style that is consistent with other grant policies. In addition to providing a purpose, scope and definitions, the policy section of the document outlines eligibility criteria, application criteria, disbursement and payment of loans and non-repayable grants.

Existence of a clear policy outlining eligibility requirements and what will be considered when making a determination will be helpful to new Directors, staff that are not intimately familiar with the history

and practices around grant decision making, and the public, who will be able to discern if they are eligible, what information to supply, and how their application will be processed.

Key components of the policy are noted below:

- Eligibility has been expanded; not only member municipalities but also Local Governments, First Nation Government, Bands or Councils are deemed eligible applicants
- The stipulation that loans will be charged interest at a rate of prime plus one percent (1%), fixed for the duration of the repayment schedule has been clarified and included.
- The ability to award funding in the form of non-repayable grants from the interest earned on the fund, never granting more than 80% of the interest in the fund has been added.
- The requirement for all applications to include business case, current financial statements and cash flow, and a detailed explanation of how the loan will be repaid has been clarified and included
- Non-repayable grants will be payable upon ratification by RBAC

### **ALTERNATIVE OPTIONS:**

1. That the Rural Budgets Administration Committee provide further direction.

### **STRATEGIC PLAN RELEVANCE:**

- Organizational Effectiveness
- Comprehensive Policy Review

### **FINANCIAL CONSIDERATION(S):**

Loans and non-repayable grants are provided from the Rural Loan Fund Reserve.

### **COMMUNICATIONS CONSIDERATION(S):**

Once the Regional Board approves the Rural Loan Fund policy, it will be posted on the PRRD website.

### **OTHER CONSIDERATION(S):**

Upon approval of the Rural Loan Fund Policy, a loan/grant application will be created by staff to ensure it aligns with information that is reflected in the new adopted policy.

In the RBAC Funding Policies booklet, the existing "Rural Loan Fund" page does not indicate an "adopted" date, and it is unknown if it was a guideline adopted by RBAC to self-govern their determinations, or if it was Board approved as a policy that RBAC must adhere to as part of the delegation of the authority to administer the Rural Loan Fund, (and other funds, such as Gas Tax and Peace River Agreement funds), to the Committee (via Bylaw 1166, 1998). In any event, the existing "Rural Loan Fund" page, and in fact the entire RBAC Funding Policies Booklet will be considered repealed and obsolete upon Board adoption of the attached policy.

Attachments:

1. Final Draft – Rural Loan Fund Policy

External Links:

1. [Rural Budgets Administration Funding Policies](#)