

NO: R132

COUNCIL DATE: June 28, 2021

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## REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **June 24, 2021**

FROM: **General Manager, Engineering  
General Manager, Finance**

FILE: **0410-30 (CARIP)**

SUBJECT: **Cancellation of the BC Climate Action Revenue Incentive Program**

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## RECOMMENDATION

The Engineering Department and Finance Department recommend that Council:

1. Receive this report for information;
2. Approve the draft letter attached as Appendix “I” to the Minister of Municipal Affairs and the Minister of Environment and Climate Change Strategy requesting reinstatement of the Climate Action Revenue Incentive Program and related funding from the Provincial government to support all local governments implementing climate action initiatives; and
3. Authorize the draft letter be sent to the Minister of Municipal Affairs and the Minister of Environment and Climate Change Strategy, provided it is substantially the same as the draft attached to this report as Appendix “I”.

## INTENT

The intent of this report is to inform Council of the end to the Provincial Climate Action Revenue Incentive Program (“CARIP”) and to recommend that Council advocate with the Province for its re-instatement.

## BACKGROUND

CARIP is a grant program that provides funding to local governments that have signed the BC 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 BC Climate Action 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 City received a letter from the Ministry of Municipal Affairs (attached to this report as Appendix “II”) that announced the end of CARIP. It was indicated that this decision was a direct result of the recently introduced Provincial Budget.

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

The Province's withdrawal of this consistent Provincial funding source for climate action was unexpected and leaves local governments in a difficult position, as most municipalities have relied on this consistent funding to bring forward climate change initiatives.

## **DISCUSSION**

The City has participated in CARIP since signing the Climate Charter in 2007 and has recovered nearly all of the carbon tax paid which has amounted to more than \$5.5 million over the last 10 years, with approximately \$750,000 annually in recent years.

CARIP funding has been instrumental in the establishment of the Sustainability Division at the City. Since its inception in 2009, the Sustainability Division has been responsible for developing and implementing key corporate and community strategies, such as the Community Climate Action Strategy, Corporate Energy and Emissions Plan, Community Energy and Emissions Plan, and the Climate Adaptation Strategy, collectively charting a path to reducing GHG emissions and improving resilience to the locally experienced impacts of climate change.

The City currently has six full-time positions in the Sustainability Division that work on climate action efforts across the City; four of these positions are partially or completely funded through CARIP. In addition to staffing, CARIP funds have been used to advance key strategies and develop new policy programs ranging from neighbourhood level sustainability action plans to City-wide land-use regulations and policy to reduce energy consumption and GHG emissions. CARIP funds have been used to support the planning and design of climate action projects, such as the City Centre district energy utility, the Surrey Biofuel Centre (organic waste anaerobic digester), and the Clayton Community Centre passive house. As these projects took shape, CARIP funds were used to leverage other grant opportunities from senior levels of government.

CARIP funds have also enabled City staff to collaborate with other local governments, utilities and Provincial ministries in the development of significant policy programs, such as the BC Energy Step code which has transformed the building industry by driving down energy use in new buildings across the Province.

In the absence of a program that provides a consistent and reliable funding source for municipal climate action, local government climate action efforts will be reliant on competitive funding streams and programs, which are uncertain and sporadic. While the City supports the Province's plan to fund capital investments on an application/project basis, the end of the CARIP program will limit the City's ability to plan for and implement climate action efforts that span multiple years, which is essential to meeting the shared objectives of CleanBC.

## **Proposed Next Steps**

In order to avoid a lapse in climate action initiatives by the 187 municipalities, regional districts and the Islands Trust that have signed the BC Climate Action Charter, it is imperative that the Provincial Government support local governments by reinstating CARIP in the 2022 fiscal year. If the Province desires some amendments to the CARIP process and report template, local governments can provide important insight through a collaborative consulting approach once CARIP is reinstated.

A draft letter to the Ministry of Municipal Affairs and the Minister of Environment and Climate Change Strategy is attached as Appendix “I” to outline the value of CARIP and associated funding to the City and the considerable implications for the program's end and to suggest that the program be reinstated for the 2022 fiscal year.

## **SUSTAINABILITY CONSIDERATIONS**

The recommendations in this report support the objectives of the City’s Sustainability Charter 2.0. In particular, it relates to Sustainability Charter 2.0 theme of Built Environment & Neighbourhoods, and Infrastructure. Specifically, this project supports the following Desired Outcome (“DO”) and Strategic Direction (“SD”):

- Built Environment & Neighbourhoods DO9: All aspects of planning, design and construction include climate change impacts, greenhouse gas (GHG) mitigation, adaptation, and resiliency strategies; and
- Infrastructure SD5: Work collaboratively with diverse stakeholders to lower greenhouse gases and improve air quality.

## **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. While the City supports the Province’s plan to fund capital investments on an application/project basis, the end of the CARIP program will limit the City’s ability to plan for and implement climate action efforts that span multiple years which is essential to meeting the shared objectives of CleanBC.

In light of the Provincial commitment to climate action outlined in CleanBC, it is imperative that the Provincial Government support local governments in advancing climate action initiatives in support of these shared objectives by reinstating CARIP in the 2022 fiscal year. Staff are recommending that Council advocate to the Province via letter to the Minister of Municipal Affairs and the Minister of Environment and Climate Change Strategy requesting reinstatement of CARIP and related funding from the Provincial Government.

Scott Neuman, P.Eng.  
General Manager, Engineering

Kam Grewal, CPA, CMA  
General Manager, Finance

JO/cc

Appendix “I” – Draft letter to Ministries  
Appendix “II” – Email Re: End of CARIP



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June 23, 2021

File: 0410-30 (CARIP)

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

Dear Ministers:

**Re: Cancellation of the B.C. Climate Action Revenue Incentive Program**

This letter is in response to the letter received by the City of Surrey (the "City") on May 11, 2021 regarding the cancellation of the Climate Action Revenue Incentive Program ("CARIP") from the Ministry of Municipal Affairs. In light of the Provincial commitment to climate action outlined in CleanBC, the cancellation of the CARIP program and withdrawal of this Provincial funding source for climate action is unexpected and disappointing.

Since 2009, CARIP has been a critical source of consistent and dedicated funding, allowing the City to take action on climate change by resourcing staff, funding key climate action projects and leveraging larger climate related grants, collectively charting a path in our mutual interest to reducing GHG emissions and improving resilience to climate change.

CARIP funds have also enabled City staff to collaborate with other local governments, utilities and Provincial ministries in the development of significant policy programs, such as the BC Energy Step Code which has transformed the building industry by driving down energy use in new buildings across the Province.

In the absence of an equivalent replacement program that provides a consistent and reliable funding source for municipal climate action, local government efforts will be reliant on competitive funding streams and programs, which are uncertain and sporadic. While the City supports the Province's plan to fund capital investments, on an application/project basis, the end of the CARIP program will limit the City's ability to plan for and implement climate action efforts that span multiple years which is essential to meeting the shared objectives of CleanBC.

In order to avoid a lapse in local government climate action initiatives, it is imperative that the Provincial Government support local governments by reinstating CARIP in the 2022 fiscal year. If the Province desires some amendments to the CARIP process and report template, local governments can provide important insight through a collaborative consulting approach once CARIP is reinstated.

Yours truly,

Doug McCallum  
Mayor

Draft



May 11, 2021

Ref: 266895

Dear Mayors and Chairs:

I am writing in follow up to a recent update from Okenge Yuma Morisho, Deputy Minister of Municipal Affairs, to Chief Administrative Officers regarding the Climate Action Revenue Incentive Program (CARIP). As you may be aware, 2021 will mark the wind down and final year of grant payments under this program. Budget 2021 also commits new funding to help local governments reduce greenhouse gas emissions through planning for compact, energy-efficient communities. The purpose of this letter is to thank British Columbia's local governments for your continued leadership and to describe how our government continues to work with local governments to achieve our collective climate goals.

Since the 2008 inception of the Climate Action Charter (CAC), almost every local government in B.C. has signed the CAC, committing to take action and develop strategies to achieve the following three goals:

- Work toward becoming carbon neutral in their local government corporate operations
- Measure and report on their community greenhouse gas (GHG) emissions profile
- Create complete, compact, energy-efficient rural and urban communities

As of 2018, the last year of full reporting prior to the pandemic, 187 local governments had signed on to the CAC and were publicly reporting on their progress toward meeting their climate action goals, 147 were measuring and reporting GHG emissions, and 50 local governments had achieved carbon neutrality in their operations. Communities across B.C. both large and small have consistently demonstrated leadership in taking action on climate change, in areas as broad as local food production, renewable energy generation and planning for public transit and active transportation. Thank you for your continued ambition and efforts to reduce greenhouse gas emissions in your corporate operations, and more broadly to inspire and work within your communities to tackle climate change.

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 B.C.'s climate goals.

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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.

Building on record investments in CleanBC, the province will continue to strengthen our work with local governments and support the CAC.

As noted, Budget 2021 commits \$11 million in new funding to help local governments plan for compact, energy-efficient communities, directly supporting the CAC's commitment to create complete, compact, energy-efficient rural and urban communities. I look forward to working with all local governments through Union of BC Municipalities and the Green Communities Committee on how to support greener and more livable communities.

Our government remains committed to working with local governments to reach our climate goals and make life better for people across British Columbia.

Sincerely,



Josie Osborne  
Minister

pc: Chief Administrative Officers