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June 9, 2020

Colin Plant  
Chair, Capital Regional District  
625 Fisgard Street, PO BOX 1000  
Victoria, BC V8W 2S6

RE: Financial support for local governments in the context of COVID-19

Dear Chair Plant:

Thank you for your letter dated April 27 and for taking the time with your Chief Administrative Officer to speak with FCM recently. I am writing to update you and your council on FCM's work advocating for financial support for local governments in the context of COVID-19 and looking ahead to the economic recovery.

FCM has been fully engaged in the COVID-19 crisis since early March, supporting communities of all sizes, helping coordinate local efforts, and working with the federal government to shape Canada's national pandemic response. One of our top priorities has been ensuring that local governments can continue to deliver essential services, but over the past few months it has become increasingly urgent and apparent that as a result of the pandemic, Canadian municipalities are facing a financial crisis – one that threatens to put Canadians and our economy at further risk.

As a result, [FCM issued a call](#) to other orders of government to work together urgently to deliver at least \$10 billion in emergency operating funding to all local governments. FCM is proposing that funding be delivered as direct allocations, with a hybrid formula that blends a population-based model with a ridership-based allocation for municipalities with transit systems, in recognition of the staggering operating losses these systems are facing. Recognizing that the true costs of the pandemic may grow over time with spinoff effects on property taxes and user fees, we are also asking that the federal government revisit the need for additional operating funding within four months.

Although the population-based allocation formula we're proposing is based on the federal Gas Tax Fund, it's important to clarify that our proposal is uniquely geared to the present context and is designed to cover urgent operating shortfalls, and we are aiming to ensure that communities have the flexibility to direct funds where they are needed most.

To respond to the situation we are seeing in many smaller communities, we are asking that local governments be given the ability to transfer any unused allocations to the federal Gas Tax Fund for capital expenditures, to help Canada's economy recover when the time comes.




Looking to the months ahead, municipalities will be key to Canada's economic recovery. Local governments are well-placed to deliver economic stimulus efficiently on the ground. As conversations on recovery planning advance, FCM will continue to encourage the federal government to accelerate and streamline processes, increase flexibility, expand stacking limits and eligible costs, and reduce barriers for applicants and funding recipients. However, we are cognisant of the fact that the operating shortfalls municipalities are now facing place future economic recovery at risk.

We will also continue to work closely with UBCM and our other provincial partners to explore specific opportunities for municipalities to meet their local needs in the context of COVID-19 and during the economic recovery.

Thank you again for taking the time to speak to FCM staff and sharing your local priorities in the context of COVID-19. I hope that our advocacy work bears positive results for your district and all communities across Canada.

Sincerely,

A handwritten signature in black ink that reads "Bill Karsten" followed by a stylized flourish.

Bill Karsten  
President, FCM

CC: Maja Tait, UBCM President