



THE CORPORATION OF THE VILLAGE OF LUMBY  
1775 GLENCAIRD STREET  
LUMBY, B.C. V0E 2G0

File No. 100.40

# MEMORANDUM

To: Southern Interior Local Government Association  
From: Village of Lumby  
Date: February 24, 2015  
Re: Background Information for Lumby's Resolution

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## BACKGROUND

The Village of Lumby is a small (micro-community) with less than 2,000 residents located approximately 25 kilometers east from Vernon.

## DISCUSSION

Despite having an established reserve fund policy and implementing regular annual increases in municipal taxation and utility rates the Village of Lumby is not always able to take advantage of (Provincial and/or Federal) government grant programs due to the required municipalities participation, often 1/5 (20%) to 1/3 (33%) of the total eligible project cost.

The reality is infrastructure projects are costly but vitally necessary for communities. The Province and Federal government recognize this as evident by their communications, such as news releases and presentations at forums and meetings, etc., and by their actions including the implementation of grant programs targeting infrastructure. Grant programs are essential as communities strive to meet the needs of their residents and renew critical infrastructure assets, but the grant programs require refinement if they are to be equitable and of maximum value/benefit to the smallest communities, those under 5,000.

Generally communities under 5,000 are able to contribute less to their reserves compared with larger communities (in terms of total dollars – which on a per capita basis may be the same) and its reserves that are often the source of funds for the municipal portion of a government grants. Therefore by extension communities with lesser reserve funds are:

- 1) able to participate on a less regular basis in grant programs as it takes time (often years) to replenish reserves levels after each significant draw, and
- 2) can only engage smaller scale infrastructure projects as they often do not have the reserves to cover the municipal portion of larger scale projects (“larger scale” being a relative term, i.e. a \$2.0 million project is large for a community under 5,000 whereas that may not be the case for a larger community).

If government grants for micro-communities were tailored to the unique (financial) characteristics of a micro-community by having a consistently lower municipal participation rate, then our small communities of less than 5,000 would be better positioned to take regular advantage of the targeted infrastructure grants, and would be able to carry out projects with a greater emphasis on priority and a lesser emphasis on the how much the municipal portion of the project would be.