

Municipal Grant Funding

Summary Report

2016/17

-Municipal Affairs-

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Introduction

Provincially-administered municipal grants comprise a significant source of revenue for Alberta's municipalities, approximately 13 per cent in 2015 (the last year for which data is available)¹, allowing them to complete projects they may not be able to fund on their own. Municipal grants are used to address needs expressed by municipalities and Albertans for local infrastructure and services such as roads, public transit, water systems, regional projects and recreation. Investments in community infrastructure and services are essential for strong, safe and viable communities.

In 2009, the Accountability Framework for Municipal Grant Funding was approved by Cabinet. According to the Framework, municipal grant funding should:

- emphasize value-for-money objectives (assessing the net benefit to Albertans, taking into account the financial, human and physical resources required to deliver a program);
- help achieve government priorities while balancing the needs and wants of municipalities;
- respond to shorter-term funding pressures that address a specific Government of Alberta priority/strategy;
- support an equitable level of service to Albertans balanced with sustainability and predictability;
- support efficient and effective use of resources by establishing a one-enterprise approach to supporting municipalities;
- minimize duplication, enhance transparency, predictability and accessibility to funding; and
- require recipients to be accountable for the monies received, with grant funding programs clearly defining roles and responsibilities for grant recipients.

This report is intended to contribute to the fulfillment of the objectives listed above, enhancing the transparency, predictability and accessibility of grant funding. It is also designed to help readers interpret the information found in the annual, online [Grant Funding Reports](#). Grant Funding Reports summarize provincial and federal grant dollars provided to each municipality, Metis Settlements and regional services commission in Alberta, at both municipal and constituency levels.

Types of Funding Programs

Programs can be described in terms of how funding is awarded, where funding comes from, and how funding can be used. Nearly all funding is awarded based on one of four models: allocation-based, allocation project-based, competitive or needs-based.

Allocation-based funding is granted to individual municipalities based on a formula. Municipalities access their funding according to program guidelines and this funding is designated specifically for use by the municipality to which it was allocated.

¹ http://www.municipalaffairs.alberta.ca/municipal_financial_statistical_data

Some allocation-based funding programs require that a municipality submit a list of projects for approval prior to receiving its allocation. This is referred to as **allocation project-based funding**. For example, the Municipal Sustainability Initiative (MSI) and the Federal Gas Tax Fund (GTF) require municipalities to submit a list of projects for approval each year prior to accessing their allocations. However, they are not required to utilize their entire allocation the year it is assigned. Municipalities have the option of carrying forward dollars that have yet to be used, and to allocate funding that is expected in future years of the program. This flexibility supports municipal capacity to plan strategically for the long-term as municipalities have the ability to fund projects above the amount allocated in a single year.

Competitive funding requires that municipalities submit grant applications to access funding for specific purposes. A number of municipalities may be *eligible* to receive funding, but each must apply for funding to support specific projects based on the program guidelines. A competitive process is developed by the funding ministry to determine the ultimate funding recipients and there are no guarantees that a particular project will be funded. Competitive funding is often open to all municipalities and Metis Settlements, as well as other eligible organizations such as non-profit community groups, but may be directed to specific types of municipalities. The key element of this type of support is that applications must be submitted and approved to receive funding and no municipality is automatically entitled to support.

A grant program designed to assist municipalities in the event of an extreme, unusual or urgent situation is called **needs-based**. Administrative processes for obtaining needs-based funds will vary depending on the circumstances, and funds are granted on neither a purely competitive nor allocation basis.

One distinction that should be made is in regard to programs designed and funded (in part or in whole) by the Federal Government. The Federal GTF, for example, provides funding on an allocation project-basis.

Capital Funding and Operating Funding

Funding ministries design programs to meet particular objectives by establishing eligible expenses that are specific to each program. There are two main types of expenses: capital and operating.

Capital costs are expenses incurred for such things as the purchase of land and buildings, construction and enhancement of assets as well as non-routine maintenance and equipment. An example of a capital program is the Federal GTF.

Operating costs are expenses incurred in carrying out an organization's day-to-day activities and often include building maintenance, capacity building, planning, salaries and wages, amortization fees and rent. An example of an operating program is the Rat Control Grant.

It is important to read program guidelines, as eligible expenses under each program vary.

Understanding the differences between types of funding programs will assist readers in evaluating the information in Grant Funding Reports, as questions may arise concerning municipalities of similar status receiving differing levels of funding. These differences are likely caused by one municipality being more successful in accessing competitive funding or having different characteristics, such as higher population or education property tax requisitions; these factors impact individual funding formulae.

Table 1 summarizes grant programs by type.

Planning for Municipal Grant Funding

The Alberta *Fiscal Management Act* requires that government annually publish a three-year consolidated fiscal plan that includes a capital plan, an operational plan and a savings plan. A three-year government business plan must also be prepared. The business plan is intended to address the significant opportunities and challenges facing Alberta and sets out strategies to make the most of Alberta's economic, social and natural advantages. Desired outcomes, priority initiatives, performance measures and indicators are all outlined annually in the business plan. Municipal grants are tools frequently used by government to make progress toward desired outcomes.

The Accountability Framework has established Government-Wide Objectives (GWO) for municipal grant funding. GWOs are broad statements that describe the areas of focus for municipal grant funding. They are discussed in more detail on pages 5 through 7.

Further to these planning documents and over-arching objectives, municipal funding strategies and formulae are periodically reviewed to ensure municipal grant programs are serving all Albertans efficiently and fairly.

Table 1: 2016/17 Summary of Municipal Grants by Type

Program (Ministry)	Funding Model	Funding Source	Use of Funding	2016/17 Amount
911 Grant Program (Municipal Affairs)	Allocation	Provincial	Operating	\$ 14,651,794
Family and Community Support Services (Community and Social Services)	Allocation	Provincial/Municipal	Operating	\$ 99,804,126
Federal Gas Tax Fund (Municipal Affairs)	Allocation-Project	Federal	Capital	\$ 218,425,814
Grants in Place of Taxes (Municipal Affairs)	Allocation	Provincial	Operating	\$ 52,093,372
Long-Term Governance and Funding Arrangement (Indigenous Relations)	Allocation	Provincial/MSGC*	Operating	\$ 1,418,657
Municipal Sustainability Initiative (MSI) Capital (Municipal Affairs)	Allocation-Project	Provincial	Capital	\$ 1,188,419,819
MSI Operating (Municipal Affairs)	Allocation-Project	Provincial	Operating	\$ 28,288,019
Municipal Policing Assistance Grant (Justice and Solicitor General)	Allocation	Provincial	Both	\$ 55,980,844
Police Officers Grant (Justice and Solicitor General)	Allocation	Provincial	Operating	\$ 30,000,000
Total Allocation Funding				\$ 1,689,082,445
Agriculture Service Board Grant (Agriculture and Forestry)	Competitive	Provincial	Operating	\$ 13,083,157
Alberta Community Partnership (Municipal Affairs)	Competitive	Provincial	Operating	\$ 11,147,797
Alberta Community Resiliency Program (Environment and Parks)	Competitive	Provincial/Municipal	Capital	\$ 60,255,703
Alberta Municipal Water/Wastewater Program (Transportation)	Competitive	Provincial/Municipal	Capital	\$ 52,267,090
Emergency Management Preparedness Program (Municipal Affairs)	Competitive	Provincial	Operating	\$ 150,000
Federal Small Communities Fund (Municipal Affairs)	Competitive	Federal/Provincial/Municipal	Capital	\$ 73,811,610
Fire Services Training Program (Municipal Affairs)	Competitive	Provincial	Operating	\$ 500,000
GreenTRIP (Transportation)	Competitive	Provincial/Municipal	Capital	\$ 90,463,424
Strategic Transportation Infrastructure Program (Transportation)	Competitive	Provincial	Capital	\$ 587,000
Summer Temporary Employment Program (Labour)	Competitive	Provincial/Municipal	Operating	\$ 2,126,306
Water for Life (Transportation)	Competitive	Provincial/Municipal	Capital	\$ 99,144,718
Watershed Resiliency and Restoration Program (Environment and Parks)	Competitive	Provincial	Both	\$ 1,336,254
Total Competitive Funding				\$ 404,873,059
Disaster Recovery Program (Municipal Affairs)	Needs-Based	Provincial	Both	\$ 179,988,966
Emergency Operations Centre and Localized Disaster (Municipal Affairs)	Needs-Based	Provincial	Both	\$ 25,300
Rat Control Grant (Agriculture and Forestry)	Needs-Based	Provincial	Operating	\$ 329,945
Southern Alberta Flood Relief Program (Municipal Affairs)	Needs-Based	Provincial	Both	\$ 18,052,000
Total Needs-Based Funding				\$ 198,396,211
Grand Total				\$ 2,292,351,715

*Metis Settlement General Council

Government-Wide Objectives

Government-Wide Objectives (GWO) were developed as part of the Accountability Framework and are:

- broad statements that describe the purpose of municipal grant funding;
- statements that describe what funding should achieve in municipalities in the next three years;
- more detailed than government priorities, relating to municipal grant funding; and
- broader than ministry or program objectives (relevant across ministries).

Figure 1: The four GWOs for municipal grant funding

Government-Wide Objectives

1. To support initiatives that promote the viability and long-term sustainability of municipalities
2. To support the maintenance of safe, healthy and vibrant communities
3. To support the development and maintenance of core municipal infrastructure to meet existing and changing municipal needs
4. To support capacity building within municipalities

Understanding the Government-Wide Objectives

Each GWO is supported by a more detailed description of the meaning and intent of the objective.

1. *To support initiatives that promote the viability and long-term sustainability of municipalities*

Viability and sustainability are critical elements to maintaining and improving services and quality of life in municipalities. A viable municipality is one that provides at least basic governance functions and basic services at a reasonable cost to its taxpayers with continued support from the community. To be sustainable, a municipality needs to be able to manage these basics on an ongoing basis.

Initiatives that support the viability and long-term sustainability of municipalities include:

- capital planning;
- initiatives that promote innovation;
- initiatives that promote regional co-operation;
- initiatives that promote economic diversification;
- land use and growth plans;
- governance initiatives (e.g., restructuring support);
- initiatives that encourage or promote citizen engagement and participation in local government.

2. *To support the maintenance of safe, healthy and vibrant communities*

Albertans want communities that are strong, vibrant and safe. They want opportunities to participate in all aspects of community life and expect programs and services that strengthen their communities. Initiatives, programs and projects that support the maintenance of safe, healthy and vibrant communities include:

- social programming for all citizens;
- affordable housing and supportive living options for seniors, low-income families and those with special needs;
- crime reduction programs and initiatives that promote safe and secure communities;
- the development of facilities and operational support for cultural and recreational activities, which can include libraries, sports, parks, arts and heritage-related activities and environmental awareness/protection activities.

3. *To support the development and maintenance of core municipal infrastructure to meet existing and changing municipal needs*

Municipalities provide many of the services and infrastructure Alberta's citizens and businesses need to manage economic growth.

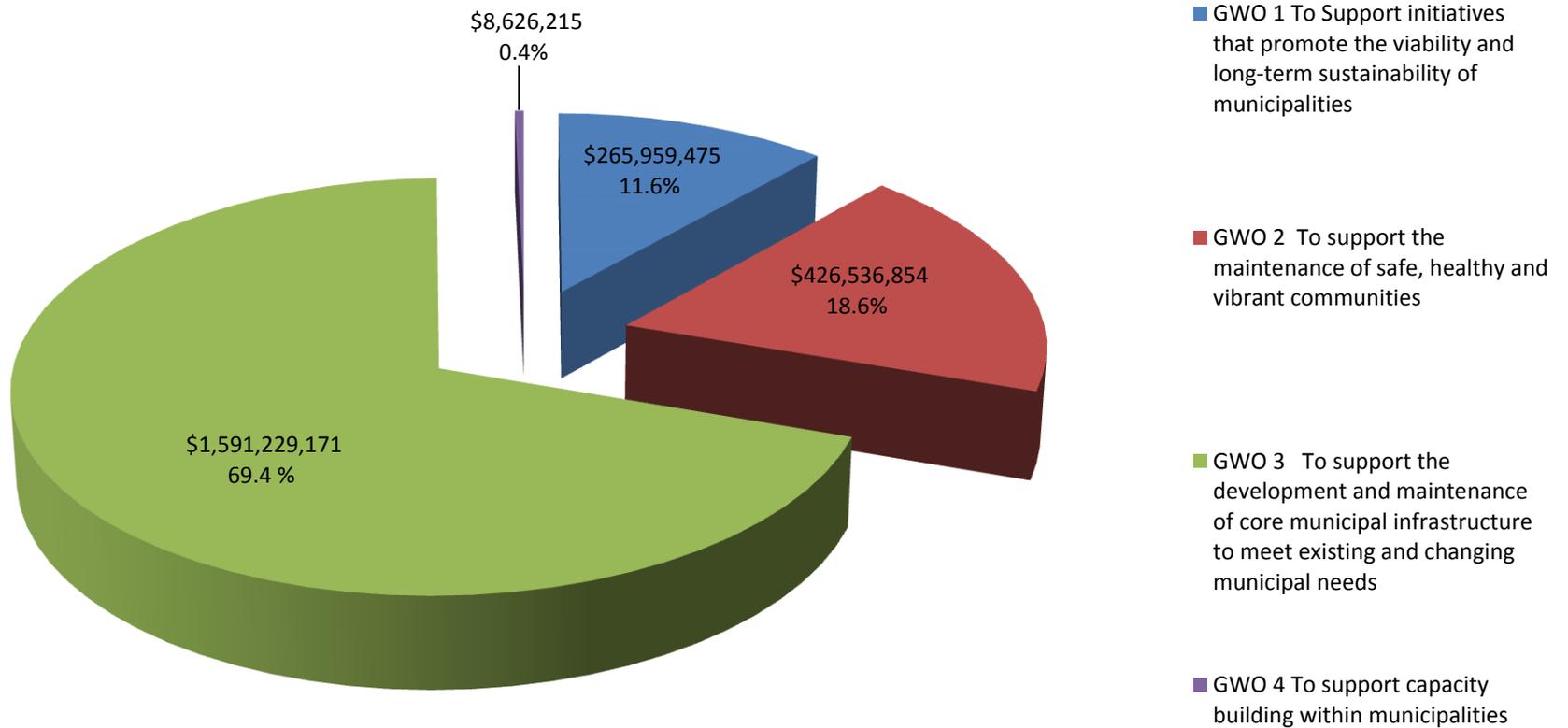
Support for the development and maintenance of core municipal infrastructure includes programs, projects and initiatives that enhance the efficiency and effectiveness of municipal transportation infrastructure (highway systems, road networks, bridge repairs, public transit, etc.), municipal initiatives for water and wastewater systems, solid waste management, and other core municipal infrastructure needs.

4. *To support capacity building within municipalities*

Many municipalities are struggling to find and retain skilled personnel. Increasing and enhancing municipal capacity is essential for local governments to be able to provide programs and services to their respective communities.

Support for capacity building within municipalities includes initiatives that enhance municipalities' capacity to recruit, train and retain staff.

**Figure 2:
2016/17 Municipal Grant Funding by Government-Wide Objective**



Functional Categories

Each GWO has been further divided into Functional Categories. Functional Categories allow for the tracking of benefits realized by Alberta’s municipalities. Programs may fund projects that fall under one or more Functional Category. Table 4 defines each Functional Category and shows how each aligns with a GWO.

Table 2

GWO	Functional Category	Definition
1	Governance	Activities that support the ongoing management of the municipality through its elected officials
	Planning² and Development	Activities that contribute to land-use planning, integrated community sustainability planning, or to the economic diversification of the municipality
	General Administration	Activities that provide for the overall operation of the municipality and that are common to, or affect all of the services provided by, the municipality
2	Culture	Activities that support and promote the development of arts and culture within the municipality
	Children and Family Services	Activities that support social programming for people in need, children, families, and seniors
	Environmental Sustainability	Activities that support the protection of the environment
	Housing	Activities that support affordable housing and supportive living options for seniors, low-income families and those with special needs
	Libraries	Activities that support library programming and associated facilities
	Municipal Buildings and Facilities	Buildings and facilities that are necessary to the overall operation of the municipality and which are common to the services provided by the municipality
	Parks, Sport and Recreation	Activities related to the development and operation of facilities and related programming for recreational opportunities, such as sports and parks

² Planning related to a specific municipal function or service should be categorized under that service (e.g. the development of an affordable housing strategy would be categorized under GWO 2 – Housing).

GWO	Functional Category	Definition
	Public Security and Safety	Activities related to the reduction of crime and the promotion of safe and secure communities
3	Airports	Activities related to air transportation services
	Infrastructure Management	Activities that support systematic infrastructure planning and management
	Public Transit	Activities related to the provision of public transit services
	Roads and Bridges	Activities related to the construction and maintenance of roadways, bridges, and related structures
	Solid Waste Management	Activities related to the collection and management of garbage and other waste material
	Wastewater	Activities related to the collection or removal, treatment, and disposal of sanitary sewage
	Water	Activities related to acquiring, treating, and supplying water
4	Municipal Careers	Activities that support the retention and attraction of skilled employees of local governments
	Staff Development	Activities that support the development of municipal staff
	Volunteer Development	Activities that promote the development of the non-profit and voluntary sector

**Figure 3:
2016-17 Municipal Grant Funding by Functional Category**

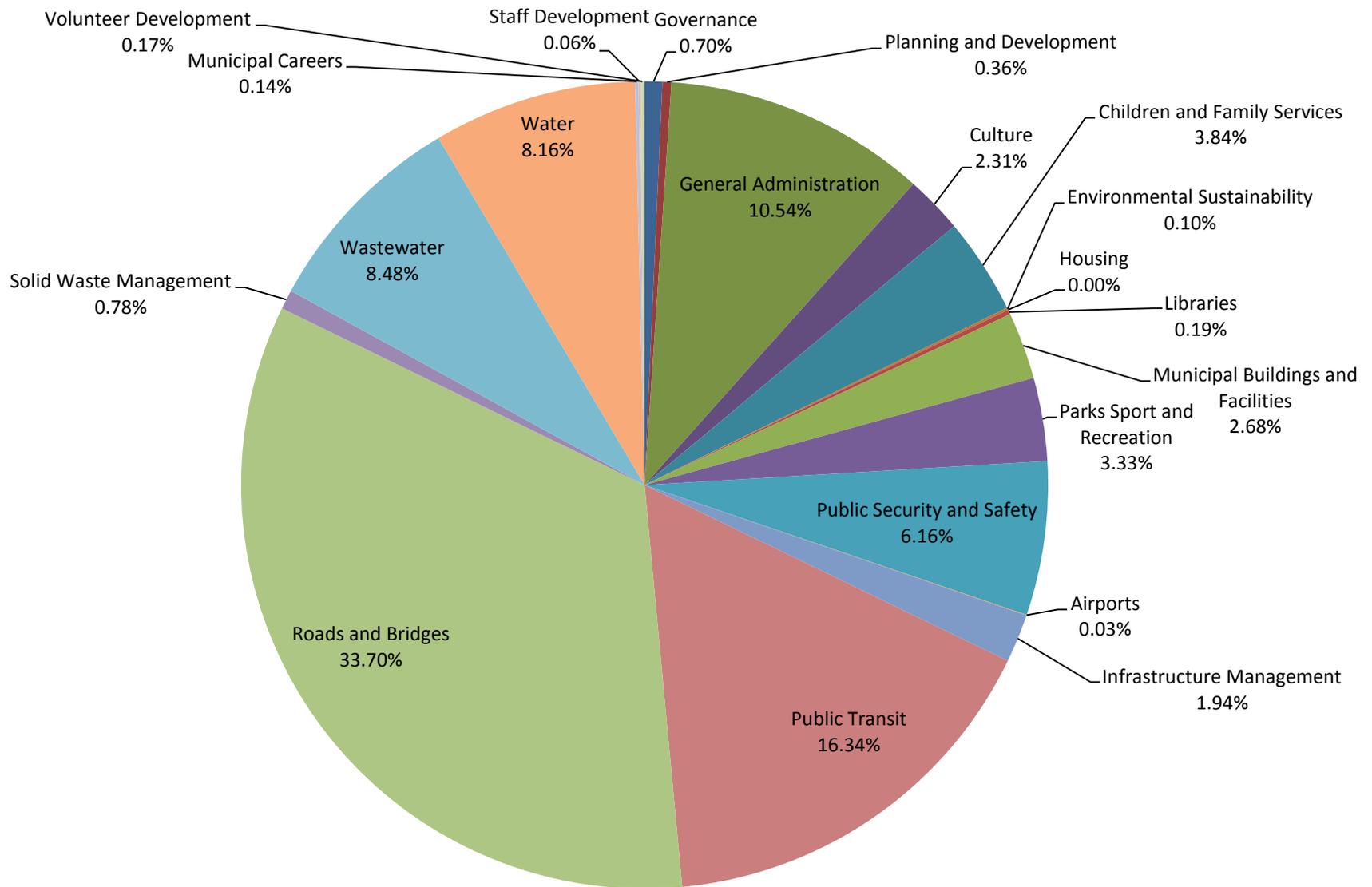


Figure 4: 2016-17 Municipal Grant Funding by GWO and Functional Category

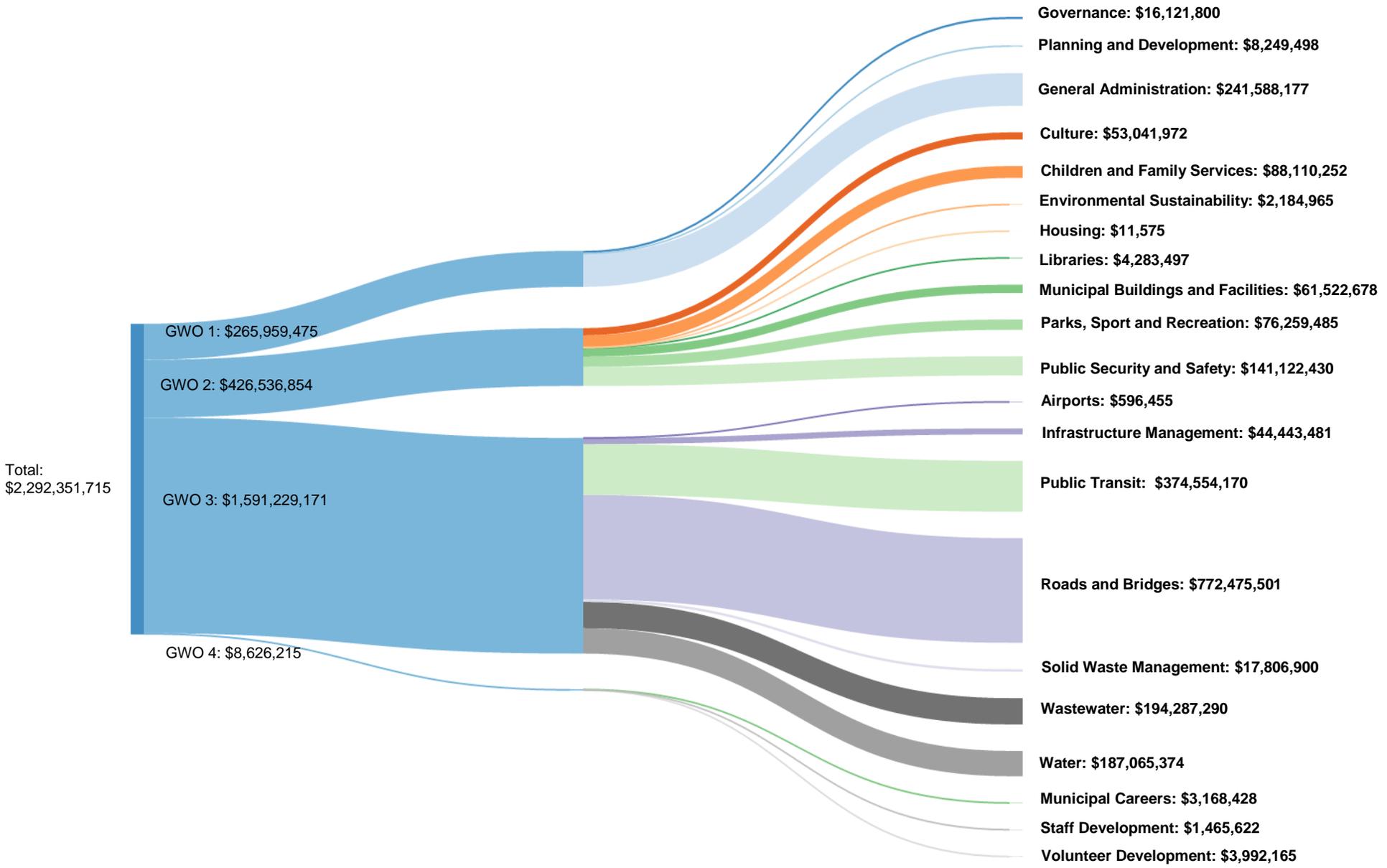


Table 3: 2016/17 Municipal Grant Funding by GWO and Functional Category

Government-Wide Objective	Functional Category	Amount	Percentage of GWO Funding
1) To Support initiatives that promote the viability and long-term sustainability of municipalities	Governance	\$16,121,800	6.1%
	Planning and Development	\$8,249,498	3.1%
	General Administration	\$241,588,177	90.8%
	GWO 1 Total	\$265,959,475	
2) To support the maintenance of safe, healthy and vibrant communities	Culture	\$53,041,972	12.4%
	Children and Family Services	\$88,110,252	20.7%
	Environmental Sustainability	\$2,184,965	0.5%
	Housing	\$11,575	0.0%
	Libraries	\$4,283,497	1.0%
	Municipal Buildings and Facilities	\$61,522,678	14.4%
	Parks, Sport and Recreation	\$76,259,485	17.9%
	Public Security and Safety	\$141,122,430	33.1%
	GWO 2 Total	\$426,536,854	
3) To support the development and maintenance of core municipal infrastructure to meet existing and changing municipal needs	Airports	\$596,455	0.04%
	Infrastructure Management	\$44,443,481	2.79%
	Public Transit	\$374,554,170	23.54%
	Roads and Bridges	\$772,475,501	48.55%
	Solid Waste Management	\$17,806,900	1.12%
	Wastewater	\$194,287,290	12.21%
	Water	\$187,065,374	11.76%
GWO 3 Total	\$1,591,229,171		
4) To support capacity building within municipalities	Municipal Careers	\$3,168,428	36.7%
	Staff Development	\$1,465,622	17.0%
	Volunteer Development	\$3,992,165	46.3%
	GWO 4 Total	\$8,626,215	
Total:		\$2,292,351,715	

Recent Program Changes

- The MSI's long-term funding agreements between the Government of Alberta and municipalities were due to end on March 31, 2017. However, the agreements have been amended to extend the program for two years, to March 31, 2019. The extension will ensure municipalities continue to receive infrastructure funding from the province in a timely manner.
- In January 2017, the Ministry of Human Services was split into two new ministries: Children's Services, and Community and Social Services. The Family and Community Support Services Program is now administered by Community and Social Services.
- In 2016, Municipal Affairs' Fire Services and Emergency Preparedness Program became the Fire Services Training Program (FSTP). Complementary to the FSTP, the Emergency Management Preparedness Program (EMPP) was created to fund training for other types of emergency preparedness. The EMPP is administered by the Alberta Emergency Management Agency.
- In addition to the program changes above, Alberta continues work to fulfill requirements for asset management under the Canada-Alberta Federal Gas Tax Fund agreement. A number of tools and resources were developed to promote the development of municipal asset management plans. The development and implementation of asset management policies, strategies and plans directly support informed decision-making and long-term capital planning. Additional information is available on the Municipal Affairs website.

If you have any questions or require additional information please contact:

Alberta Municipal Affairs
780-422-7125

Or visit: <http://www.municipalaffairs.alberta.ca/municipalgrants>