

Municipal Grant Funding

Summary Report
2017/18
-Municipal Affairs-

2017/18 Municipal Grant Funding Summary Report

Introduction

Provincially-administered municipal grants comprise a significant source of revenue for Alberta municipalities, approximately 14 per cent in 2016 (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 (GOA) 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, Métis 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
- needs-based

Table 1, on page 4, summarizes municipal grants by funding type.

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

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. An example of an allocation-based grant is the Family and Community Support Services funding program.

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 Métis 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. More than half of Alberta municipal funding programs fall under this category.

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. An example of a needs-based program is the Municipal Wildfire Assistance Program.

One distinction that should be made is in regard to programs designed and funded (in part or in whole) by the Federal Government. Federal programs vary by type and administration requirements. The Federal Small Communities Fund, for example, grants funding through a competitive process, and the Federal GTF provides funds on an allocation project-basis. Federal programs may require municipal projects be jointly funded by Canada, Alberta, and municipalities² and may support grant stacking³, similar to some provincial programs⁴.

² **Cost-Sharing:** a requirement under some programs, the purpose of cost-sharing is to leverage investments/funds from other governments/funding partners. Generally, cost-share requirements stipulate that a specific portion of the project cost be funded by a separate government or entity from the municipality applying for the grant. Cost-sharing demonstrates buy-in from more than one party, showing a shared responsibility for the project.

³ **Grant stacking:** refers to the application of funding from more than one provincial and/or federal grant programs to the same project. Grant stacking is commonly used where programs have a cost-sharing requirement and/or so that applicants can acquire more grant funding for a single project. If a municipality chooses to use multiple grant sources to fund an activity, it is the responsibility of the municipality to understand the separate requirements of each program as well as requirements under a stacked scenario. This includes additional approvals, reporting, applications, as well as cost-sharing requirements or limits.

⁴ Municipal Grant Stacking Opportunities can be found in the Municipal Affairs website:
http://www.municipalaffairs.alberta.ca/documents/2016_10_06_Portal_Stacking_Chart.pdf

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 Alberta Community Resilience Program.

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 Community and Regional Economic Support program.

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.

Planning for Municipal Grant Funding

The Alberta *Fiscal Planning and Transparency Act* requires that government annually publish a three-year consolidated fiscal plan and a three-year government business plan.

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 – 2017/18 Summary of Municipal Grants by Type

Program (Ministry)	Funding Model	Funding Source	Use of Funding	2017/18 Amount
911 Grant Program (Municipal Affairs)	Allocation	Provincial	Operating	\$ 15,916,385
Alberta Emergency Management Agency One-Time Grants (Municipal Affairs)	Allocation-Project	Provincial	Both	\$ 2,647,167
Family and Community Support Services (Community and Social Services)	Allocation	Provincial/Municipal	Operating	\$ 99,806,263
Federal Gas Tax Fund (Municipal Affairs)	Allocation-Project	Federal	Capital	\$ 221,087,165
Grants in Place of Taxes (Municipal Affairs)	Allocation	Provincial	Operating	\$ 42,948,161
Long-Term Governance and Funding Arrangement (Indigenous Relations)	Allocation	Provincial/MSGC*	Operating	\$ 880,000
Municipal Sustainability Initiative (MSI) Capital (Municipal Affairs)	Allocation-Project	Provincial	Capital	\$ 1,978,789,434
MSI Operating (Municipal Affairs)	Allocation-Project	Provincial	Operating	\$ 28,495,124
Municipal Policing Assistance Grant (Justice and Solicitor General)	Allocation	Provincial	Both	\$ 56,597,984
Police Officers Grant (Justice and Solicitor General)	Allocation	Provincial	Operating	\$ 30,000,000
Total Allocation Funding				\$ 2,490,300,813
Aboriginal Economic Partnership Program (Indigenous Relations)	Competitive	Provincial	Operating	\$ 100,700
Agriculture Service Board Grant (Agriculture and Forestry)	Competitive	Provincial	Operating	\$ 13,133,130
Alberta Community Partnership (Municipal Affairs)	Competitive	Provincial	Operating	\$ 17,939,317
Alberta Community Resilience Program (Environment and Parks)	Competitive	Provincial/Municipal	Capital	\$ 85,060,362
Alberta Human Rights Commission's Community Inclusion Grant (Justice and Solicitor General)	Competitive	Provincial/Municipal	Operating	\$ 80,000
Alberta Municipal Water/Wastewater Program (Transportation)	Competitive	Provincial/Municipal	Capital	\$ 52,926,925
Climate Leadership Initiative** (Indigenous Relations)	Competitive	Provincial/Municipal	Both	\$ 3,795,780
Coal Community Transition Fund (Economic Development and Trade)	Competitive	Provincial	Operating	\$ 4,749,575
Community and Regional Economic Support (Economic Development and Trade)	Competitive	Provincial/Municipal	Operating	\$ 4,176,901
Emergency Management Preparedness Program (Municipal Affairs)	Competitive	Provincial	Operating	\$ 150,000
Federal Small Communities Fund (Municipal Affairs)	Competitive	Federal/Provincial/Municipal	Capital	\$ 30,811,621
Fire Services Training Program (Municipal Affairs)	Competitive	Provincial	Operating	\$ 485,715
GreenTRIP (Transportation)	Competitive	Provincial/Municipal	Capital	\$ 611,367,995
Special Grants - Climate Leadership Funding (Municipal Affairs)	Competitive	Provincial	Both	\$ 709,000
Strategic Transportation Infrastructure Program (Transportation)	Competitive	Provincial	Capital	\$ 78,950,242
Summer Temporary Employment Program (Labour)	Competitive	Provincial/Municipal	Operating	\$ 2,436,917
United Nations Declaration on the Rights of Indigenous Peoples (Transportation)	Competitive	Provincial	Capital	\$ 14,634,021
Water for Life (Transportation)	Competitive	Provincial/Municipal	Capital	\$ 70,772,492
Watershed Resiliency and Restoration Program (Environment and Parks)	Competitive	Provincial	Both	\$ 1,767,788
Total Competitive Funding				\$ 980,915,351
Disaster Recovery Program (Municipal Affairs)	Needs-Based	Provincial	Both	\$ 9,754,288
Emergency Operations Centre and Localized Disaster (Municipal Affairs)	Needs-Based	Provincial	Both	\$ 22,487
Municipal Wildfire Assistance Program (Municipal Affairs)	Needs-Based	Provincial/Municipal	Operating	\$ 2,883,000
Rat Control Grant (Agriculture and Forestry)	Needs-Based	Provincial	Operating	\$ 330,460
Total Needs-Based Funding				\$ 12,990,235
Grand Total				\$ 3,484,206,399

* Metis Settlements General Council

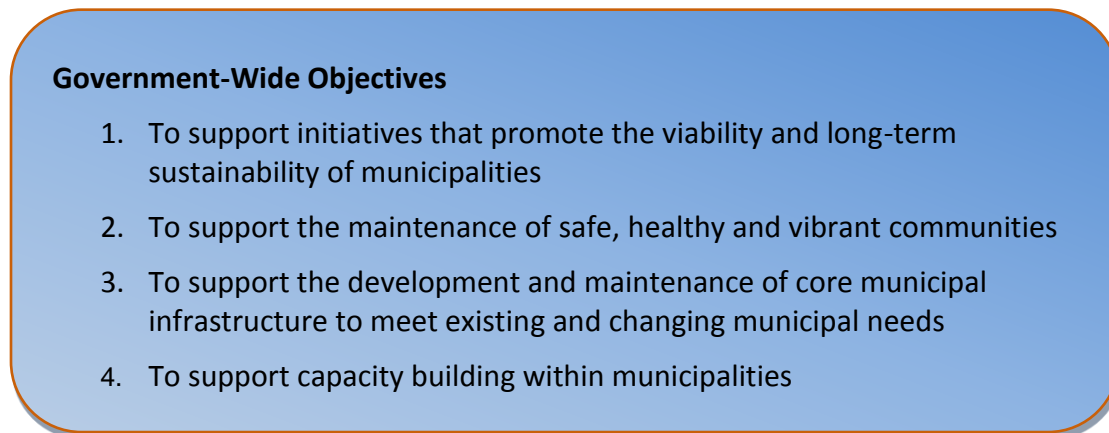
**Includes: Alberta Indigenous Climate Capacity Program (AICCP), Alberta Indigenous Climate Planning Program (AICPP), Alberta Indigenous Community Energy (Audits) Program (AICEP), Alberta Indigenous Energy Efficiency Retrofit Program (AIEERP), Alberta Indigenous Green Energy Development Program (AIGEDP), and Alberta Indigenous Solar Program (AISP)

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



Understanding the Government-Wide Objectives

Each GWO is supported by a more detailed description of the meaning and intent of the objective. **Figure 2**, on page 7, depicts spending by GWO for 2017-18.

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.

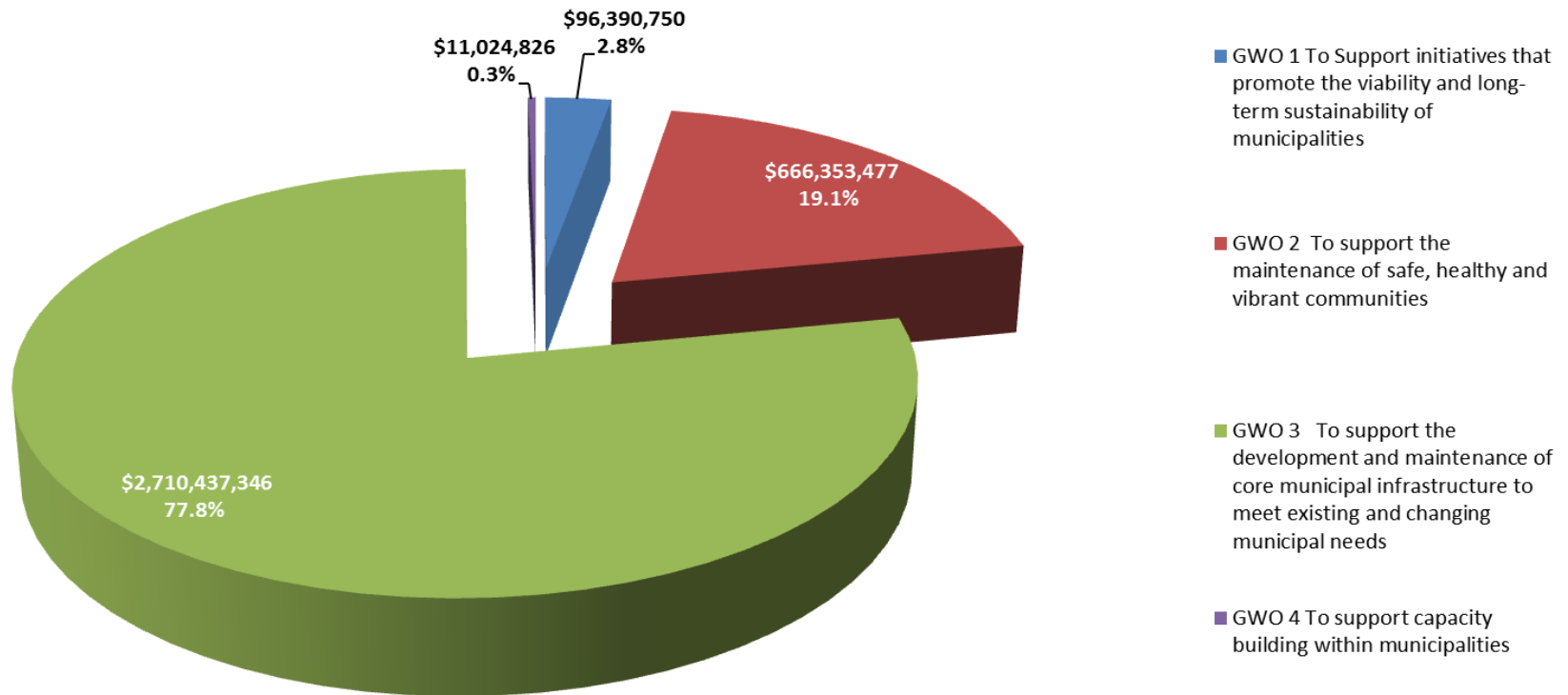
Support for the development and maintenance of core municipal infrastructure includes programs, projects, and initiatives that enhance the efficiency and effectiveness of municipal transportation infrastructure (highway systems, road networks, bridge repairs, public transit, etc.), municipal initiatives 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 – 2017/18 Municipal Grant Funding by GWO



Functional Categories

Each GWO has been further divided into Functional Categories, which allow for the tracking of benefits realized by Alberta municipalities. Programs may fund projects that fall under one or more Functional Category. **Table 2** defines each Functional Category and shows how each aligns with a GWO.

Table 2 – Definition of Functional Categories under each GWO

GWO	Functional Category	Definition
1	Governance	Activities that support the ongoing management of the municipality through its elected officials
	Planning⁵ 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
	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

⁵ 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).

Figure 3 – 2017/18 Municipal Grant Funding by Functional Category

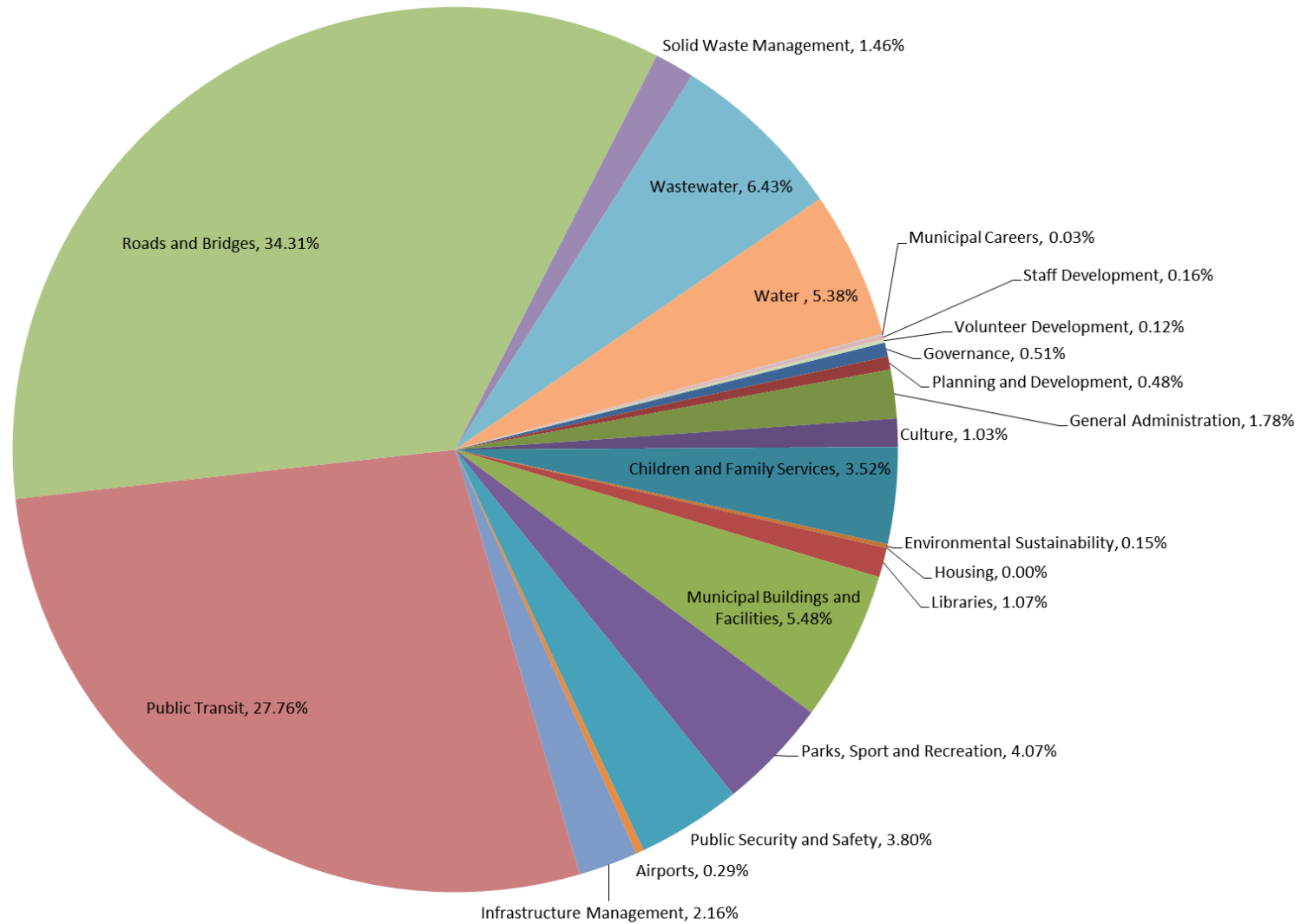


Figure 4 – 2017/18 Municipal Grant Funding by GWO and Functional Category

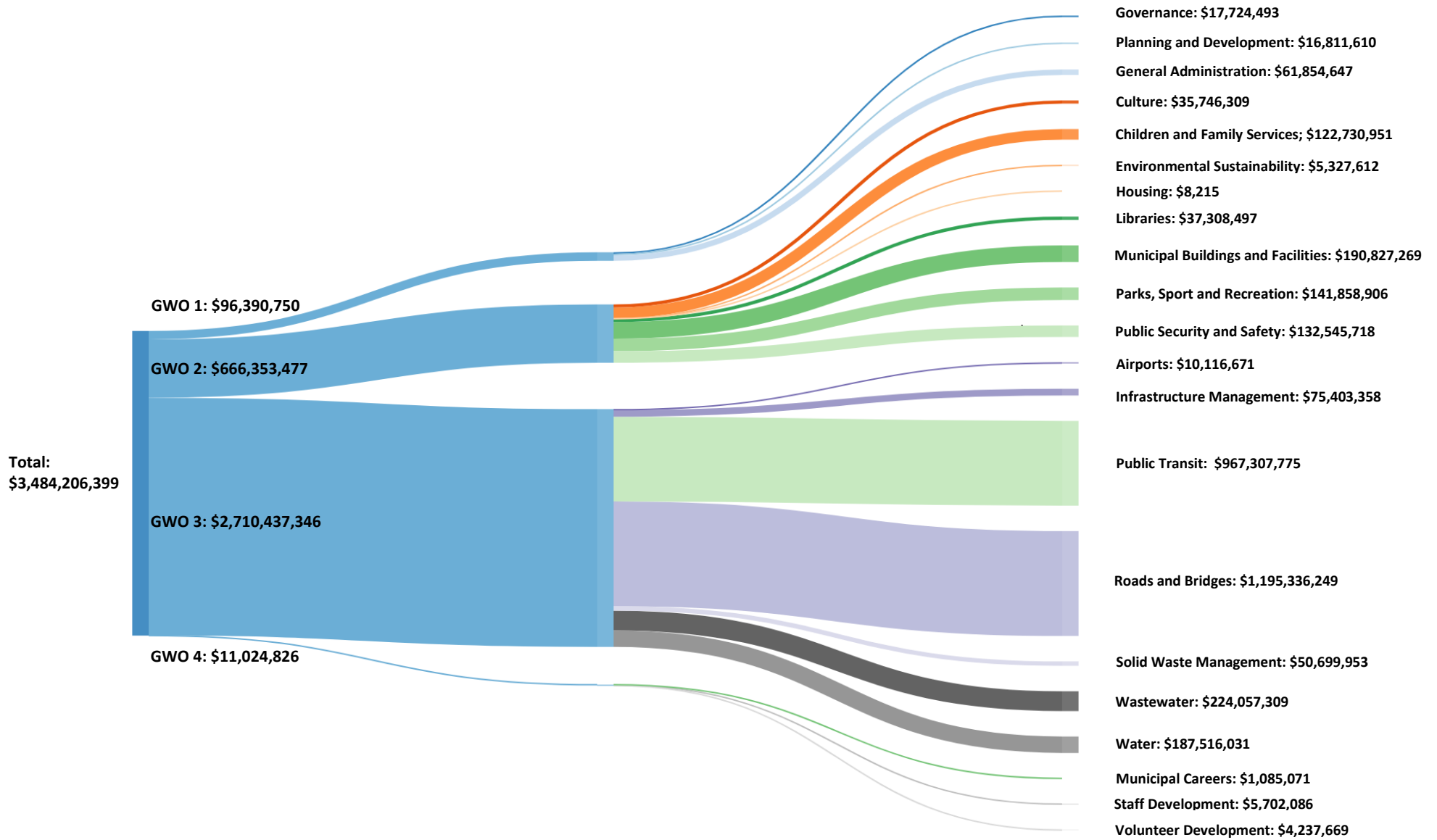


Table 3 – 2017/18 Municipal Grant Funding by GWO and Functional Category

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	\$17,724,493	18.4%
	Planning and Development	\$16,811,610	17.4%
	General Administration	\$61,854,647	64.2%
	GWO 1 total	\$96,390,750	100%
2) To support the maintenance of safe, healthy and vibrant communities	Culture	\$35,746,309	5.4%
	Children and Family Services	\$122,730,951	18.4%
	Environmental Sustainability	\$5,327,612	0.8%
	Housing	\$8,215	0.0%
	Libraries	\$37,308,497	5.6%
	Municipal Buildings and Facilities	\$190,827,269	28.6%
	Parks, Sport and Recreation	\$141,858,906	21.3%
	Public Security and Safety	\$132,545,718	19.9%
	GWO 2 total	\$666,353,477	100.0%
3) To support the development and maintenance of core municipal infrastructure to meet existing and changing municipal needs	Airports	\$10,116,671	0.37%
	Infrastructure Management	\$75,403,358	2.78%
	Public Transit	\$967,307,775	35.69%
	Roads and Bridges	\$1,195,336,249	44.10%
	Solid Waste Management	\$50,699,953	1.87%
	Wastewater	\$224,057,309	8.27%
	Water	\$187,516,031	6.92%
	GWO 3 total	\$2,710,437,346	100.0%
4) To support capacity building within municipalities	Municipal Careers	\$1,085,071	9.8%
	Staff Development	\$5,702,086	51.7%
	Volunteer Development	\$4,237,669	38.4%
	GWO 4 total	\$11,024,826	100.0%
Total:		\$3,484,206,399	

Recent Program Changes

- In 2017/18, the provincial government allocated an additional \$800 million in MSI Capital funds to municipalities to provide increased flexibility in planning capital projects. Funding in the subsequent two fiscal years will be reduced by an equivalent amount (\$400 million each year). Long-term funding arrangements with municipalities are under consideration as the province plans to bring the provincial budget into balance, and as the expiry of MSI approaches (expected in 2021-22).
- In 2017/18, Economic Development and Trade (EDT) launched new programs to provide support to municipalities through municipal grants. The new EDT programs are the Coal Community Transition Fund and the Community and Regional Economic Support program. For additional information, refer to the [Municipal Affairs Grants Portal](#).
- Indigenous Relations introduced seven new municipal grant programs in 2017/18; six of which are grouped under the Climate Leadership Initiatives. The other new program is the Aboriginal Economic Partnership program. Program details can be found on the Indigenous Relations [website](#).
- Under Federal GTF, Alberta Municipal Affairs is required to prepare outcomes reports in the years 2018 and 2023. The 2018 Federal GTF Outcomes Report was reviewed and approved by Infrastructure Canada in June 2018. The report describes how communities benefit from federal GTF funding including the impact of the grant as a predictable source of funding, and how local governments are improving their planning and asset management practices using the funds. The full report is available [here](#).

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>