

2018/19

Municipal

Grant Funding

Summary Report

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**2018/19 Municipal Grant Funding Summary Report**

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## Introduction

Investments in community infrastructure and services are essential for strong, safe, and viable communities. Provincially-administered municipal grants comprise a significant source of revenue for Alberta municipalities, approximately 13 per cent in 2017 (the last year for which data is available)<sup>1</sup>, 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.

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 contributes to the objectives listed above, enhancing the transparency, predictability, and accessibility of grant funding. This summary helps readers interpret the information found in the annual [Grant Funding Reports](#) which are available online. 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.

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<sup>1</sup> [Municipal Financial Data](#)

## 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; and
- needs-based.

Table 1, on page 8, summarizes municipal grants by funding type.

**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 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 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, and roughly one quarter of total 2018/19 funding, falls 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 is in regards 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 municipalities<sup>2</sup>. They may support grant stacking<sup>3</sup>, similar to some provincial programs<sup>4</sup>.

## Capital Funding and Operating Funding

Funding ministries design programs to meet particular objectives by establishing eligible expenses 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

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<sup>2</sup> **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.

<sup>3</sup> **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.

<sup>4</sup> Municipal Grant Stacking Opportunities can be found in the [Municipal Affairs website](#).

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 *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 9 and 10.

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: 2018/19 Summary of Municipal Grants by Type**

<b>Program (Ministry)</b>	<b>Funding Model</b>	<b>Funding Source</b>	<b>Use</b>	<b>2018/19</b>
911 Grant Program (Municipal Affairs)	Allocation	Provincial	Operating	\$15,634,499
Alberta Emergency Management Agency One-Time Grants (Municipal Affairs)	Allocation-Project	Provincial	Both	\$1,222,000
Family and Community Support Services (Community and Social Services)	Allocation	Provincial/Municipal	Operating	\$99,807,084
Federal Gas Tax Fund (Municipal Affairs)	Allocation-Project	Federal	Capital	\$228,827,043
Grants in Place of Taxes (Municipal Affairs)	Allocation	Provincial	Operating	\$53,452,933
Long-Term Governance and Funding Arrangement (Indigenous Relations)	Allocation	Provincial/MSGC*	Operating	\$880,000
Municipal Cannabis Transition Program (Municipal Affairs)	Allocation	Provincial	Operating	\$11,150,000
Municipal Sustainability Initiative (MSI) Capital (Municipal Affairs)	Allocation-Project	Provincial	Capital	\$634,762,645
MSI Operating (Municipal Affairs)	Allocation-Project	Provincial	Operating	\$29,089,006
Municipal Policing Assistance Grant (Justice and Solicitor General)	Allocation	Provincial	Both	\$57,458,072
Police Officers Grant (Justice and Solicitor General)	Allocation	Provincial	Operating	\$30,000,000
<b>Total Allocation Funding</b>				<b>\$1,162,283,282</b>
Aboriginal Economic Partnership Program (Indigenous Relations)	Competitive	Provincial	Operating	\$105,000
Agriculture Service Board Grant (Agriculture and Forestry)	Competitive	Provincial	Operating	\$13,133,130
Alberta Community Partnership (Municipal Affairs)	Competitive	Provincial	Operating	\$12,922,422
Alberta Human Rights Commission's Community Inclusion Grant (Justice and Solicitor General)	Competitive	Provincial/Municipal	Operating	\$86,560
Alberta Municipal Water/Wastewater Program (Transportation)	Competitive	Provincial/Municipal	Capital	\$32,588,790
Climate Leadership Initiative** (Indigenous Relations)	Competitive	Provincial/Municipal	Both	\$6,514,323
Community and Regional Economic Support (Economic Development, Trade, and Tourism)	Competitive	Provincial/Municipal	Operating	\$2,485,170
Emergency Management Preparedness Program (Municipal Affairs)	Competitive	Provincial	Operating	\$150,000
Federal Small Communities Fund (Municipal Affairs)	Competitive	Federal/Provincial/Municipal	Capital	\$16,611,626
Fire Services Training Program (Municipal Affairs)	Competitive	Provincial	Operating	\$462,500
GreenTRIP (Transportation)	Competitive	Provincial/Municipal	Capital	\$209,471,293
Strategic Transportation Infrastructure Program (Transportation)	Competitive	Provincial	Capital	\$22,473,005
Summer Temporary Employment Program (Labour and Immigration)	Competitive	Provincial/Municipal	Operating	\$2,164,006
United Nations Declaration on the Rights of Indigenous Peoples (Transportation)	Competitive	Provincial	Capital	\$30,405,600
Water for Life (Transportation)	Competitive	Provincial/Municipal	Capital	\$82,566,4405
Watershed Resiliency and Restoration Program (Environment and Parks)	Competitive	Provincial	Both	\$1,113,343
<b>Total Competitive Funding</b>				<b>\$433,253,207</b>
2018 Flood Readiness Initiative (Municipal Affairs)	Needs-Based	Provincial	Both	\$3,257,117
Disaster Recovery Program (Municipal Affairs)	Needs-Based	Provincial	Both	\$37,900,672
Municipal Wildfire Assistance Program (Municipal Affairs)	Needs-Based	Provincial/Municipal	Operating	\$2,188,000
Rat Control Grant (Agriculture and Forestry)	Needs-Based	Provincial	Operating	\$330,460
<b>Total Needs-Based Funding</b>				<b>\$43,676,249</b>
<b>Grand Total</b>				<b>\$1,639,212,739</b>

\*Metis Settlements General Council

\*\* Includes Alberta Indigenous Climate Capacity Program, 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), 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).

Each GWO is supported by a more detailed description of the meaning and intent of the objective. Figure 1, on page 11, depicts spending by GWO for 2018/19.

### **GWO 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); and
- initiatives that encourage or promote citizen engagement and participation in local government.

## **GWO 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; and
- 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.

## **GWO 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.

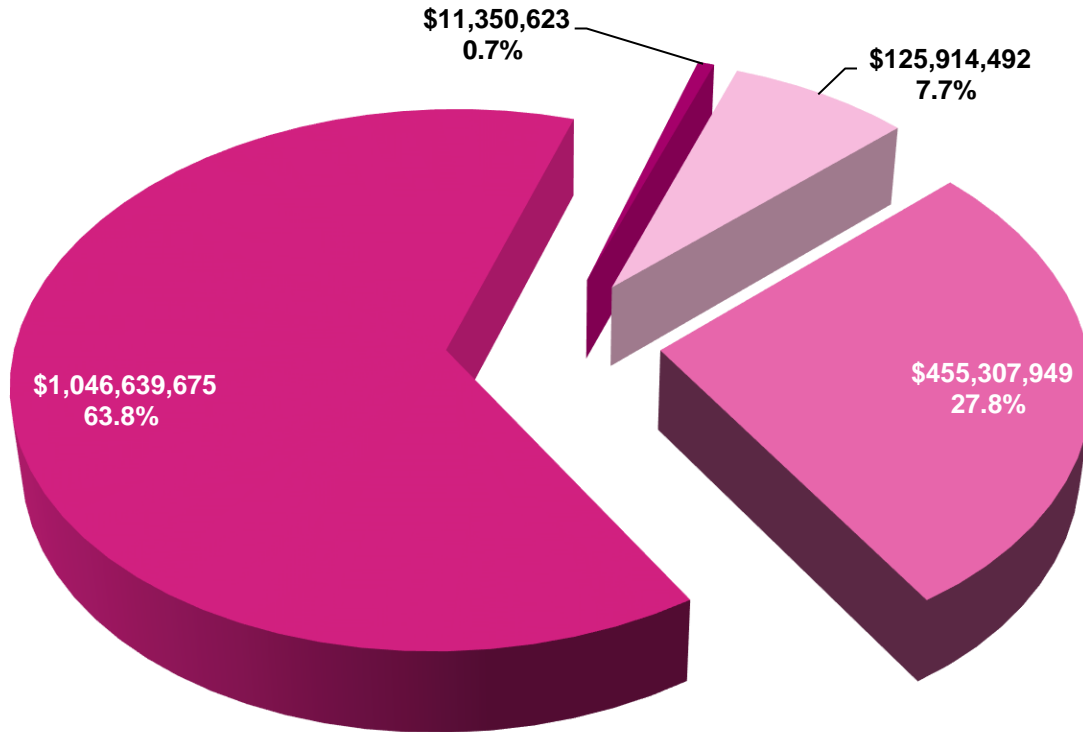
Support for the development and maintenance of core municipal infrastructure includes programs, projects, and initiatives that enhance the efficiency and effectiveness of municipal transportation infrastructure (highway systems, road networks, bridge repairs, public transit, etc.), municipal initiatives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

## **GWO 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 1: 2018/19 Municipal Grant Funding by GWO**



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

## Functional Categories

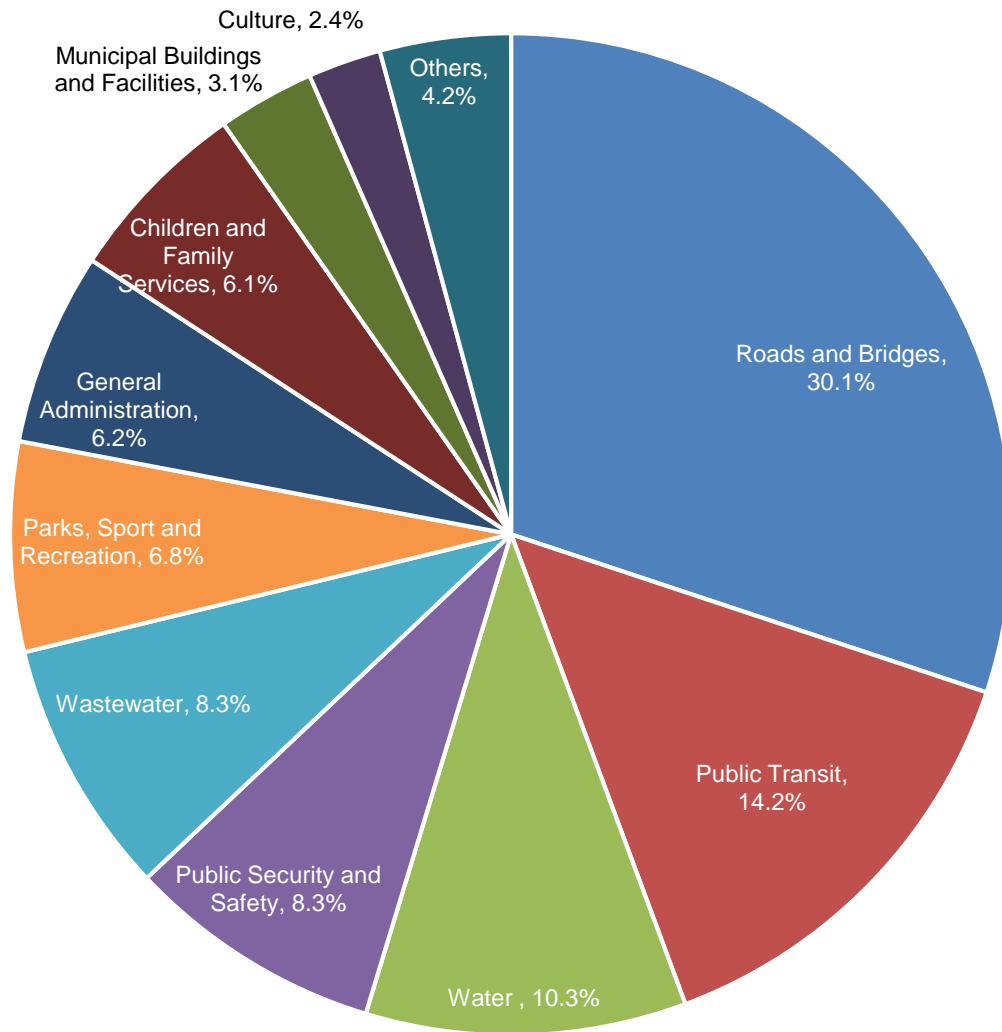
Each GWO has been further divided into Functional Categories, which allow for the tracking of benefits realized by Alberta municipalities. Programs may fund projects that fall under one or more Functional Category. Table 2 defines each Functional Category and shows how each aligns with a GWO.

**Table 2: Definition of Functional Categories under each GWO**

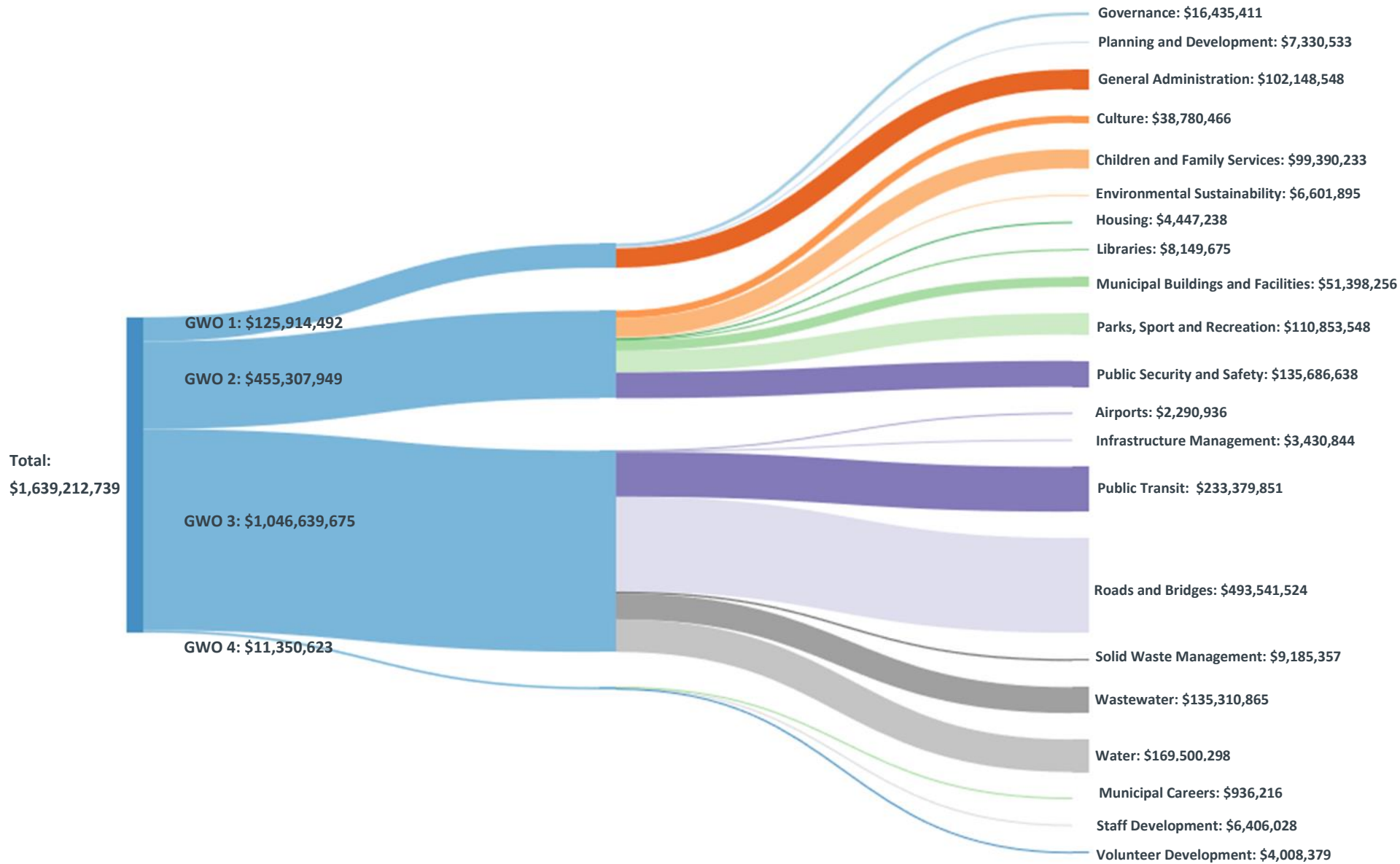
GWO	Functional Category Definition
1	<b>Governance</b> - Activities that support the ongoing management of the municipality through its elected officials
	<b>Planning<sup>5</sup> and Development</b> - Activities that contribute to land-use planning, integrated community sustainability planning, or to the economic diversification of the municipality
	<b>General Administration</b> - 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	<b>Culture</b> - Activities that support and promote the development of arts and culture within the municipality
	<b>Children and Family Services</b> - Activities that support social programming for people in need, children, families, and seniors
	<b>Environmental Sustainability</b> - Activities that support the protection of the environment
	<b>Housing</b> - Activities that support affordable housing and supportive living options for seniors, low-income families and those with special needs
	<b>Libraries</b> - Activities that support library programming and associated facilities
	<b>Municipal Buildings and Facilities</b> - Buildings and facilities that are necessary to the overall operation of the municipality and which are common to the services provided by the municipality
	<b>Parks, Sport and Recreation</b> - Activities related to the development and operation of facilities and related programming for recreational opportunities, such as sports and parks
<b>Public Security and Safety</b> - Activities related to the reduction of crime and the promotion of safe and secure communities	
3	<b>Airports</b> - Activities related to air transportation services
	<b>Infrastructure Management</b> - Activities that support systematic infrastructure planning and management
	<b>Public Transit</b> - Activities related to the provision of public transit services
	<b>Roads and Bridges</b> - Activities related to the construction and maintenance of roadways, bridges, and related structures
	<b>Solid Waste Management</b> - Activities related to the collection and management of garbage and other waste material
	<b>Wastewater</b> - Activities related to the collection or removal, treatment, and disposal of sanitary sewage
	<b>Water</b> - Activities related to acquiring, treating, and supplying water
4	<b>Municipal Careers</b> - Activities that support the retention and attraction of skilled employees of local governments
	<b>Staff Development</b> - Activities that support the development of municipal staff
	<b>Volunteer Development</b> - Activities that promote the development of the non-profit and voluntary sector

<sup>5</sup> 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 2: 2018/19 Municipal Grant Funding by Functional Category**



**Figure 3: 2018/19 Municipal Grant Funding by GWO and Functional Category**



**Table 3: 2018/19 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	General Administration	\$102,148,548	81.1%
	Governance	\$16,435,411	13.1%
	Planning and Development	\$7,330,533	5.8%
	<b>GWO 1 total</b>	<b>\$125,914,492</b>	<b>100%</b>
2) To support the maintenance of safe, healthy and vibrant communities	Public Security and Safety	\$135,686,638	29.8%
	Parks, Sport and Recreation	\$110,853,548	24.3%
	Children and Family Services	\$99,390,233	21.8%
	Municipal Buildings and Facilities	\$51,398,256	11.3%
	Culture	\$38,780,466	8.5%
	Libraries	\$8,149,675	1.8%
	Environmental Sustainability	\$6,601,895	1.4%
	Housing	\$4,447,238	1.0%
	<b>GWO 2 total</b>	<b>\$455,307,949</b>	<b>100.0%</b>
3) To support the development and maintenance of core municipal infrastructure to meet existing and changing municipal needs	Roads and Bridges	\$493,541,524	47.15%
	Public Transit	\$233,379,851	22.30%
	Water	\$169,500,298	16.19%
	Wastewater	\$135,310,865	12.93%
	Solid Waste Management	\$9,185,357	0.88%
	Infrastructure Management	\$3,430,844	0.33%
	Airports	\$2,290,936	0.22%
	<b>GWO 3 total</b>	<b>\$1,046,639,675</b>	<b>100.0%</b>
4) To support capacity building within municipalities	Staff Development	\$6,406,028	56.4%
	Volunteer Development	\$4,008,379	35.3%
	Municipal Careers	\$936,216	8.2%
	<b>GWO 4 total</b>	<b>\$11,350,623</b>	<b>100.0%</b>
<b>Grand Total</b>		<b>\$1,639,212,739</b>	

## Recent Program Changes

- In 2018/19, Municipal Affairs launched the two-year Municipal Cannabis Transition Program to provide \$11.5 million to the 52 Alberta municipalities with population over 5,000 that pay their own policing. For more information refer to the [program guidelines](#).
- In response to the spring flooding in 2018, Municipal Affairs created the 2018 Flood Readiness Initiative to provide funding related to flood mitigation and preparedness to selected communities. For more details, refer to the [2018/19 Municipal Affairs Annual Report](#).
- The provincial government allocated \$800 million in MSI Capital funds to municipalities in 2017/18 through a supplementary estimate to provide increased flexibility in planning capital projects. To compensate, 2018/19 MSI funding was reduced by \$400 million, and 2019/20 funding will be reduced by \$400 million as well.
- Under the Federal GTF, Alberta Municipal Affairs was required to prepare an Outcomes reports in 2018. The 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 [online](#).

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

Alberta Municipal Affairs

780-422-7125

Or visit: <https://www.alberta.ca/municipalities-funding.aspx>