
Municipal Affairs Updates

Municipal Affairs
Infrastructure Asset Management Alberta Workshop.0

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Agenda

LGFF Background and Funding Information



CCBF and LGSG Background and Funding Information



Program Administration Information



Alberta Asset Management Survey Update



Questions

LGFF Background and Funding Information

LGFF Background

- Local Government Fiscal Framework (LGFF) is largest funding program for local governments (municipalities and Metis Settlements) in Alberta
- Replacing Municipal Sustainability Initiative (MSI) as Alberta's primary local government capital infrastructure and operating grant program
- Established in *Local Government Fiscal Framework Act*
- Capital funding amounts are legislated:
 - Calgary and Edmonton share \$382 million in 2024; allocation formula in Act
 - Other local governments share \$340 million in 2024; allocation formula not legislated
 - Overall program budget will change based on the percentage change in provincial revenues from three years previous (Revenue Index Factor)
- Funding amounts for LGFF Operating are not legislated:
 - \$60 million to all local governments except Calgary and Edmonton in 2024
 - Calgary and Edmonton not eligible

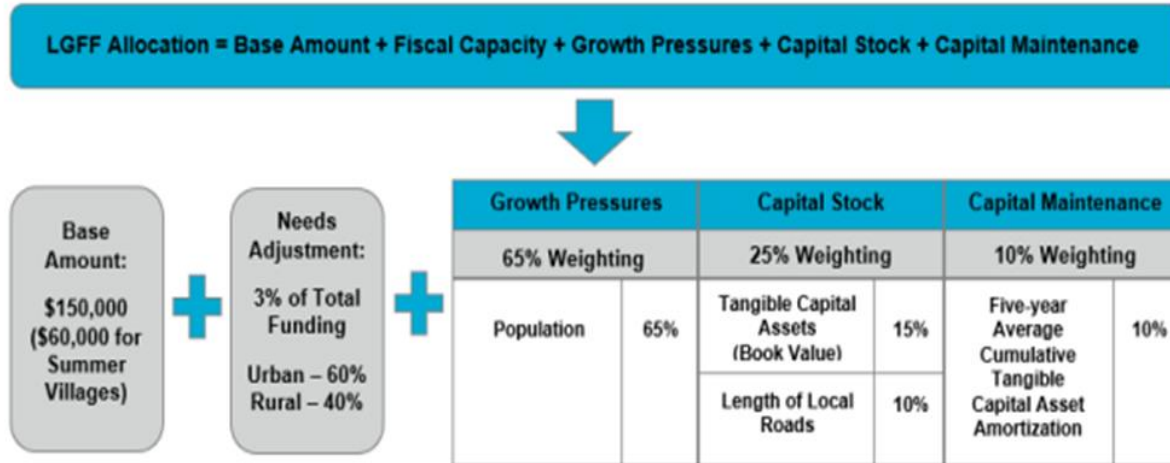
Program Objective and Outcomes

- To provide funding to municipalities and Metis Settlements to support projects that develop, improve, maintain, or otherwise alter infrastructure assets in Alberta communities
- Expected program outcomes:
 - increased economic activity in Alberta municipalities and Metis Settlements
 - increased livability of Alberta municipalities and Metis Settlements
 - increased resilience of municipalities and Metis Settlements in response and adaptation to the effects of disasters, extreme weather events, and changing local conditions

Funding Formulas – LGFF Capital

- Funding formula for Calgary and Edmonton established in LGFF Act
 - Same as MSI: 48% population; 48% EPT requisitions; 4% km of local roads
- Funding formula for other local governments is:
 - Base funding of \$150,000 to all local governments except summer villages (which are allocated \$60,000)
 - Needs-based funding allocated to local governments with limited local assessment and populations under 10,000
 - Remaining funding allocated based on:
 - population (65%);
 - tangible capital assets (15%);
 - cumulative amortization of tangible capital assets averaged over a five-year period (10%); and
 - length of local roads (10%)

Funding Formulas – LGFF Capital



- Allocation formula for other local governments is a fair and equitable distribution of funding, recognizing varying needs of different local governments
- Local government stakeholders' inputs were considered in developing the formula

Funding Formulas – LGFF Capital

LGFF Funding by component (\$)

	2024	2025
Base Funding	\$47,310,000	\$47,160,000
Needs-based Funding	\$10,200,000	\$11,589,778
Population Funding Component	\$183,618,500	\$212,924,495
TCA Funding Component	\$42,373,500	\$49,136,422
Road Funding Component	\$28,249,000	\$32,757,615
Amortization Funding Component	\$28,249,000	\$32,757,615
Total Funding	340,000,000	386,325,924

Revenue Index Factor

- Revenue Index Factor is legislated mechanism determining how total LGFF Capital program funding changes annually (for all local governments, including Calgary and Edmonton)
- Subsequent year's funding changes by full percentage change in provincial revenues from three years previous
- 2025 LGFF funding will be \$820 million
- 2026-27 LGFF funding will be \$800 million
- LGFF funding amount must be communicated by September 30th, two years in advance.

Funding Formula – LGFF Operating

- LGFF Operating not legislated, so funding formula not found in LGFF Act
- For local governments other than Calgary and Edmonton (which are ineligible), funding is allocated in same way as 2023 under MSI Operating
 - 2023 MSI Operating funding was doubling of 2022 MSI Operating
- Allocation formula under review, and 2025 Operating funding likely to be allocated using new formula

CCBF and LGSG Background and Funding Information

Canada Community-Building Fund (CCBF)

- Federal program administered by provinces and territories
- For similar infrastructure projects permitted under LGFF, with similar program administration
 - Significant discretion for local governments in committing funding to a broad list of eligible projects
 - Application to determine project eligibility
 - Flexibility to carry forward funding to future years and fund projects using funding to be received in future years
 - Annual reporting
- Ten-year agreement with Government of Canada expired March 31, 2024
- Renewed agreement for 2024-2034 signed in July 2024
- Renewed agreement has focus on housing for larger local governments which must complete Housing Needs Assessments and additional reporting

CCBF Funding Formula

- Federal allocation to provinces and territories based on proportion of national population
- Alberta's allocation for 2024-25 is \$265,147,285
- Under 2024-2034 agreement, funding formula is population based:
 - Funding allocated on per capita basis, with a \$50,000 base for most local governments (\$5,000 for summer villages) and the remaining funding being distributed on a per capita basis
- Under previous agreement, funding was distributed on per capita basis with each community guaranteed a minimum of \$50,000 (summer villages received a base funding amount).

Local Growth and Sustainability Grant

- Announced in Budget 2024
- Program will allocate \$60 million over three years (\$20 million for each of 2024-25, 2025-26, and 2026-27)
- Grant will enable local governments to fund infrastructure that supports growth pressures and economic development, and addresses emergent health and safety concerns in their communities
- Details under development but program will be rolled-out later this Fall

Program Administration Information

Eligible Applicants

- Eligible Grant Applicants vary by grant in small ways
 - LGFF Capital applicants include cities, towns, villages, summer villages, specialized municipalities, municipal districts, Metis Settlements, Special Areas Board, Townsite of Redwood Meadows Administration Society, and Improvement Districts that have populations
 - LGFF Operating applicants include above, and remaining Improvement Districts
 - CCBF applicants include above with the exception of Improvement Districts with no Tangible Capital Assets.
 - LGSG eligible applicant information will be communicated later.

Program Administration Similarities

- Similar infrastructure projects permitted under LGFF are also permitted under CCBF and LGSG with similar program administration
 - Significant discretion for local governments in committing funding to a broad list of eligible projects
 - Application to determine project eligibility
 - Flexibility to carry forward funding to future years and fund projects using funding to be received in future years
 - Annual reporting requirements
 - Asset management is now a reporting requirement under LGFF and CCBF

Eligible Projects for LGFF Capital & CCBF

Eligible Under Both LGFF and CCBF	Eligible under LGFF Only
Infrastructure asset management tools and resources	Police Services
Roads and bridges	Children and Family Services
Water, stormwater, wastewater	Housing
Fire Halls	Municipal Buildings, Facilities, and Equipment
Recreational and cultural infrastructure	
Solid Waste	
Public transit	
Disaster mitigation/ Resilience	
Regional and Local Airports	
Brownfield Redevelopment	
Environmental Sustainability	

Eligible Projects – Operating

- Eligible LGFF Operating projects include:
 - Infrastructure Management systems, software, data, etc.
 - Salaries and staff development
 - Operating support for municipal facilities, libraries, etc.
 - Contracted services
 - Plans and feasibility studies
 - Fuel for, and maintenance of, vehicles and equipment

Reporting

- Reporting for LGFF capital and CCBF now involves both financial and outcome reporting at project level
- Local governments required to annually submit a Statement of Expenditures and Project Outcomes (SEPO) that reports on previous year's finances and outcomes
 - Due by May 1 of each year
- Reporting for LGFF operating component remains same as under MSI
 - Statement of Funding and Expenditure due each year by May 1

Restrictions

- Local governments with infrastructure management challenges will have project eligibility restrictions placed on them, allowing them to spend CCBF & LGFF capital funds only on core infrastructure
- Indicators to determine infrastructure management challenges are:
 - Investment in infrastructure ratio: identifies local governments where investment in infrastructure is less than depreciation
 - Capital grants as a percentage of investment in infrastructure: identifies local governments where dependence on capital grants is significantly higher than average, putting these local governments at higher risk if there are changes in grant funding

Restrictions, continued

- Local governments with restrictions will be permitted to spend grant funding on core infrastructure only:
 - roads and bridges
 - water, wastewater, and stormwater systems
 - solid waste disposal
 - police, fire, and emergency services
 - infrastructure management systems
 - disaster mitigation
- Local governments under restrictions can seek permission from Minister to spend grant allocations on non-core infrastructure in exceptional circumstances

Alberta Asset Management Survey Update

Asset Management Survey Background

- As part of 2024-2034 Canada Community-Building Fund agreement, Alberta is required to continue to report on Asset Management
- 2023 Asset Management survey emailed to local governments on January 8, 2024, and was closed to responses on February 9, 2024
 - 2023 survey was delayed due to a number of factors within Municipal Affairs, but 2024 Asset Management survey will be sent to local governments at regular time (November)
 - 2023 survey questions were same as previous years with minor changes, to ensure data is comparable
- 195 of 337 (58%) of eligible local governments responded to 2023 Survey

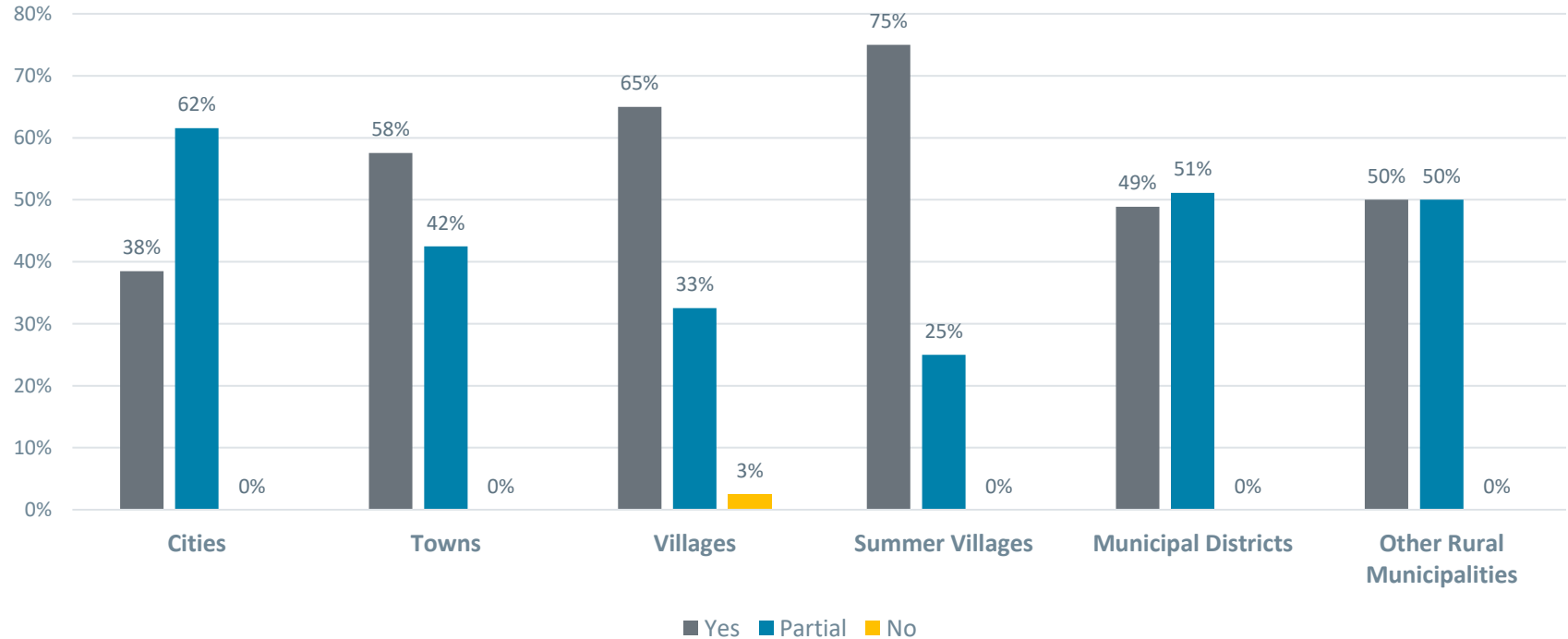
Local Government Type	2019	2020	2021	2022	2023
Urban	54% (140/260)	54% (141/260)	61% (155/256)	60% (154/256)	54% (138/255)
Rural	62% (51/82)	63% (52/82)	85% (70/82)	79% (65/82)	70% (57/82)
Total	56% (191/342)	56% (193/342)	67% (225/338)	65% (219/338)	58% (195/337)

Asset Management Highlights

	Urban	Rural	Total
Local Governments use a system or tools to manage documented information pertaining to asset management	75% ↑	74% ↑	74% ↑
Staff participate in the sessions offered by Infrastructure Asset Management Alberta	32% ↑	46% ↓	36% ↑
When considering potential infrastructure investment, risks associated with natural disasters are considered	67% ↑	77% ↑	70% ↑
Local governments have a schedule to update and review asset management strategies on a regular basis	59% ↑	54% ↑	57% ↑

*Increases represent a minimum of 4% increase year over year

Key Highlight: Does your local government have an inventory of its assets?



Types of Assets in Municipal Inventory

Question 5.1:

If yes or partial, what types of assets are included in the inventory? (check all that apply)

Responses	2022			2023		
	Urban	Rural	Total	Urban	Rural	Total
	%					
Roads and bridges	92%	95%	93%	91%	88%	90%
Public transit and airports	16%	35%	21%	22%	37%	26%
Water	87%	87%	87%	87%	77%	84%
Wastewater and stormwater	87%	84%	86%	88%	77%	85%
Solid waste	46%	51%	47%	38%	54%	43%
Machinery, equipment and vehicles	87%	90%	88%	88%	91%	89%
Sport and recreation infrastructure	66%	54%	62%	68%	58%	65%
Cultural and tourism infrastructure	39%	37%	38%	40%	37%	39%
Public security and safety*	6%	0%	6%	23%	25%	24%
Buildings	87%	86%	87%	90%	96%	92%
Other (please list)	15%	13%	14%	12%	19%	14%

*New question option in 2023 but mentioned in 2022 other responses.

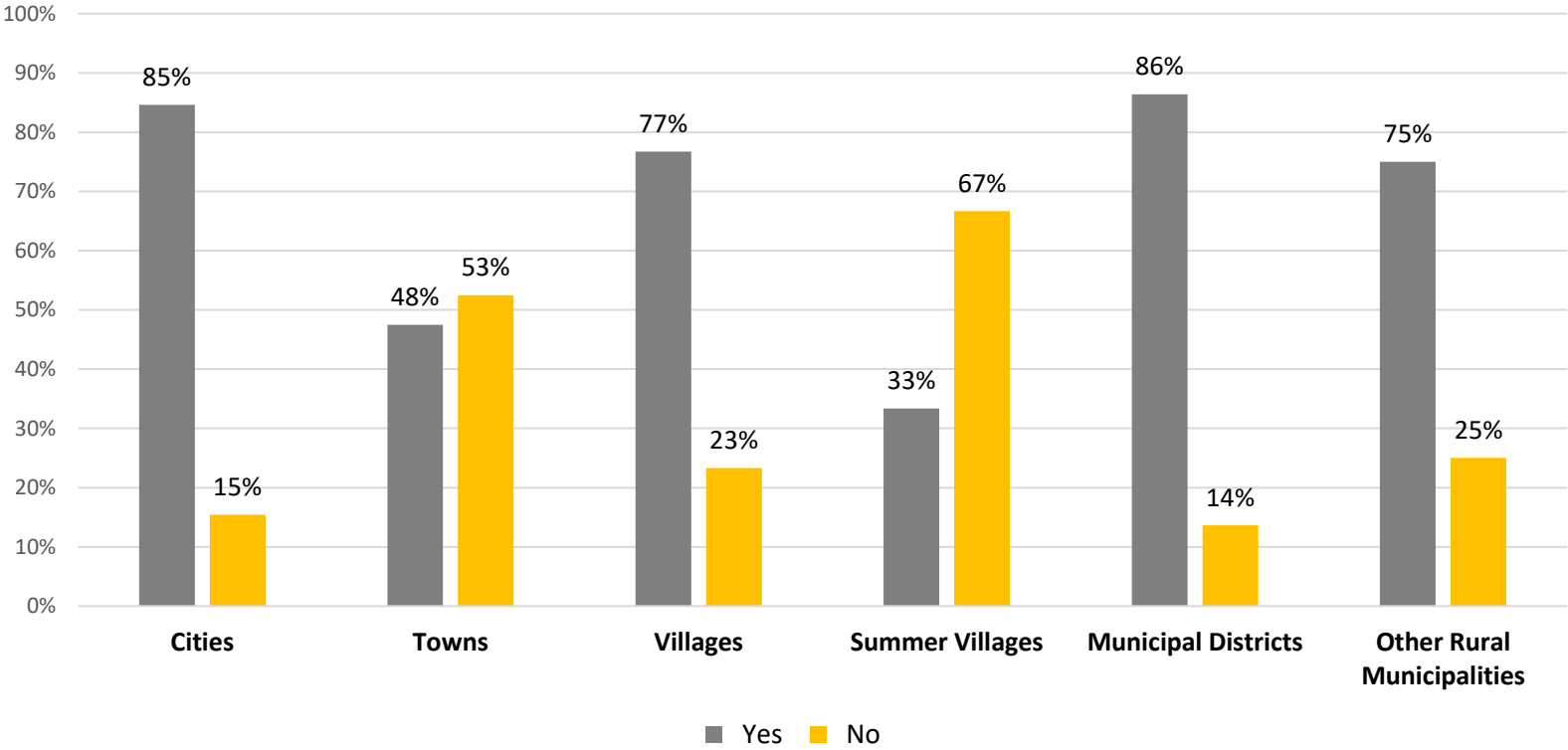
- Note of Caution: types of assets held by local governments are highly variable, and year-over-year survey results capture different local government answers

Asset Management Areas of Concern

	Urban	Rural	Total
Staff are trained in asset management	42% >	54% ↓	46% ↓
The use of an outside expert contracted to assist with asset management	20% ↓	28% ↓	23% ↓
Integration of asset management practices with financial planning and reporting	30% ↓	38% ↓	32% ↓
Initiation or implementation of asset management strategies	65% ↓	84% ↓	71% ↓
Council is aware of asset management practices	70% ↓	79% ↓	73% ↓

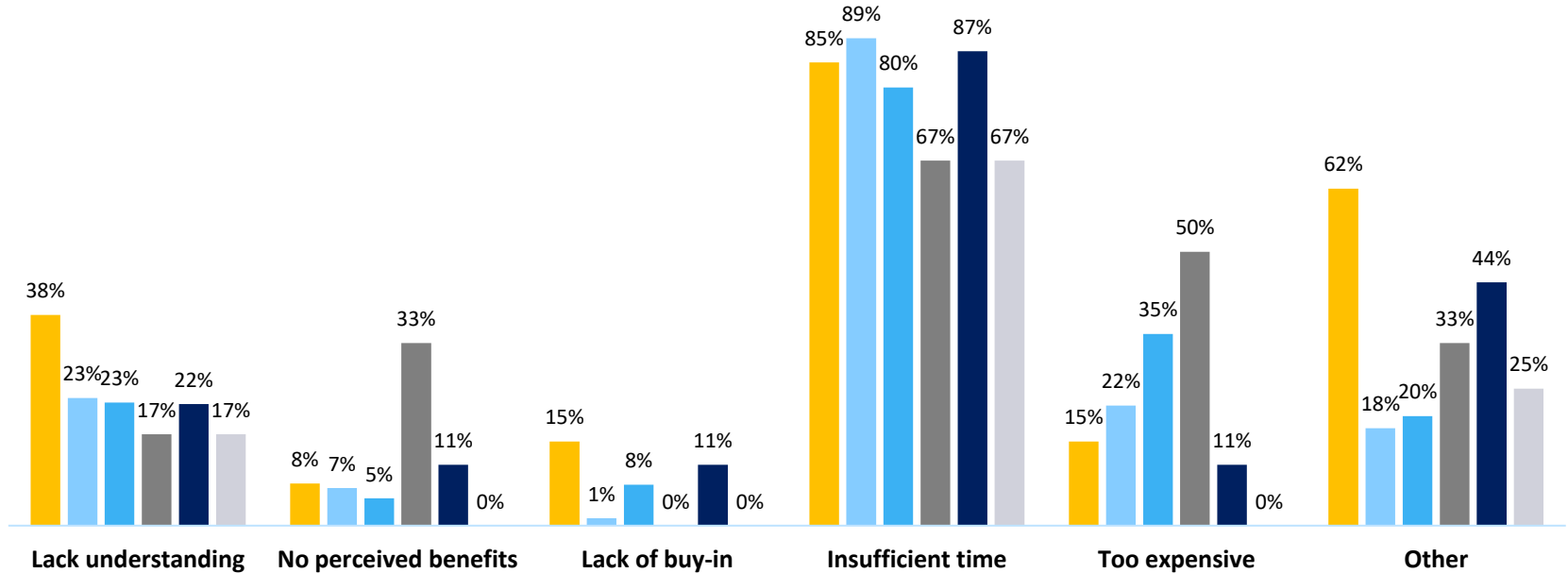
*Decreases represent a minimum of 4% decrease year over year

Significant Concerns: Has your local government initiated or implemented asset management strategies?



Significant Concerns: What are the primary challenges your local government has experienced in initiating or introducing asset management strategies?

■ Cities
 ■ Towns
 ■ Villages
 ■ Summer Villages
 ■ Municipal Districts
 ■ Other Rural Municipalities



Other Areas of Observation

	Urban	Rural	Total
Staff are aware of asset management	94% >	88% >	91% >
An asset management champion or a staff member responsible for advancing asset management practices has been identified	48% >	70% ↑	54% >
Local governments with a council approved an asset management policy	51% >	58% >	53% >
Strategies formalized in an asset management plan	31% ↑	23% ↓	29% >
Considering the potential impacts that a changing climate may have on potential investments	49% ↑	40% ↓	47% >
Our local government has an asset management strategy*	39%	59%	45%

Other Areas of Observation

	Urban	Rural	Total
Please indicate the level of planning your local government has undertaken with respect to future capital needs.			
Capital asset replacement and maintenance included in annual budget	7% ↓	12% ↑	8% ↓
A capital plan of 1-5 years identifying expected capital costs	27% ↑	21% ↓	25% >
A capital plan of 1-5 years identifying both expected costs and revenues to support those costs	23% >	14% ↓	21% >
A capital plan of 5 or more years identifying expected capital costs	18% >	33% ↑	23% >
A capital plan of 5 or more years identifying both expected costs and revenues to support those costs	25% ↑	19% ↓	24% >

Other Areas of Observation

	Urban	Rural	Total
What tools are being utilized to assist with asset management?			
Manual or paper-based register	33% ↑	29% ↑	32% ↑
Excel spreadsheet	66% ↑	79% >	70% >
Financial system	44% >	60% ↓	48% >
Asset management add-on to financial system	13% >	17% ↑	14% >
Database	24% >	31% ↑	26% >
Separate asset management system	26% ↓	38% ↓	30% ↓
GIS (Geographic Information System)	73% ↑	71% ↓	72% >

Asset Management Implementation Timelines

Is there a target date to implement a council-approved asset management policy in your local government?

Responses	2020	2021	2022			2023		
			Urban	Rural	Total	Urban	Rural	Total
	%							
No target date	61%	55%	49%	62%	52%	60%	46%	57%
2021	31%	0%	0%	0%	0%	0%	0%	0%
2022	5%	31%	0%	0%	0%	0%	0%	0%
2023	3%	14%	32%	38%	33%	0%	0%	0%
2024			19%	0%	14%	26%	33%	28%
2025						13%	21%	15%

Questions?

