

Village of Hines Creek Council Request for Decision (RFD)

Meeting:	Regular Council Meeting
Meeting Date:	August 27, 2019
Originated By:	Leanne Walmsley, Chief Administrative Officer
Title:	Financial – Municipal Sustainability Initiative 2019 Funding Allocations
File:	1206

BACKGROUND/PROPOSAL:

Overview

Municipalities have been allocated \$9.8 billion since the Municipal Sustainability Initiative (MSI) program launched in 2007. Communities have been able to build and rehabilitate:

- Roadways and bridges
- Water and Wastewater systems
- Public Transit facilities
- Recreation and Sport facilities
- Other key local priorities

Funding

2019 Funding Information

In 2019, MSI will provide \$597 million in funding under interim supply, with final amounts confirmed in Budget 2019.

- \$567 million capital funding, which includes \$307 million from the former Basic Municipal Transportation Grant (BMTG) program
- \$30 million operating funding

In March 2018, a supplementary estimate provided \$800 million of re-profiled funding. The re-profiling of \$400 million from each of 2018-2019 and 2019-2020 as grants to 2017-2018 provided greater flexibility in meeting capital plans.

The interim 2019 funding, combined with the earlier access to funding ensures municipalities are able to fund the infrastructure and services Albertans use every day, now and into the future.

MSI funding

MSI funding can only be confirmed for the current program year as updated municipal population, education tax requisition and local road length information are required to calculate future annual funding allocations. This includes base funding for all municipalities and sustainable investment funding for municipalities with limited local assessment bases.

Funding and individual allocations also need legislative and ministerial approval as noted in program guidelines.

BMTG funding

BMTG funding is based on municipal status:

- Calgary and Edmonton receive funding based on litres of taxable road-use gasoline and diesel fuel sold in the province.
- Remaining cities and urban service areas receive funding based on a combination of population and length of primary highways.
- Towns, villages, summer villages, improvement districts and the Townsite of Redwood Meadows receive funding based on population.
- Rural municipalities and Metis Settlements receive funding based on a formula that takes into account kilometers of open road, population, equalized assessment and terrain

Unspent funds

Unspent operating funds may be carried into the next calendar year if a municipality is unable to complete a project but must be used for eligible MSI operating activities by December 31, of the second year.

Unspent capital funds may be carried forward a total of 6 years but must be spent on an accepted project by December 31 of the sixth year.

Eligibility

All municipalities in Alberta are eligible for funding based on the terms set out in their long term MSI funding agreement. For the purpose of municipal grants, improvement districts, special areas, Metis Settlements and the Townsite of Redwood Meadows are considered municipalities.

Municipalities determine projects and activities to be funded based on local priorities within the general criteria set out in the program guidelines and are encouraged to take a long term approach to planning for capital projects. Municipalities may choose to contribute funds for use towards eligible MSI projects to other municipalities, regional services commissions or non-profit organizations.

Eligible projects.

A detailed list of eligible project activities is available in the MSI capital and/or operating guidelines located in the [Program resources](#) section.

Capital projects

Eligible capital projects include municipal:

- Roads
- Bridges
- Public transit vehicles or facilities
- Emergency services facilities or equipment
- Water and wastewater systems
- Solid waste management facilities or equipment
- Regional and community airport facilities or equipment
- Other municipal buildings such as recreation and sports facilities, libraries, public works buildings and cultural and community centres.

Operating projects

Eligible operating projects include:

- Capacity building activities that improve efficiency or effectiveness
- Municipal services
- Planning activities
- Assistance to non-profit organizations

Future of MSI

MSI will come to an end in 2021-22, and the government continues to discuss the future of municipal infrastructure funding with their municipal partners.

The [City Charters Fiscal Framework Act](#) was passed in late 2018. This act replaces MSI funding for Calgary and Edmonton starting in 2022-23 after MSI is complete in 2021-22.

Under this act, Calgary and Edmonton will share \$500 million in 2022-23, and this amount will change in subsequent years based on changes in provincial revenues and fuel sales. The act also includes a long-term transit investment plan for the 2 cities.

Stable and predictable infrastructure funding is just as important for other municipalities and the government will share information on the ongoing work to develop an MSI replacement as soon as it becomes available. The government is committed to ensuring predictable, long-term infrastructure funding for municipalities and is in the process of confirming its approach to this commitment.

Final decisions on the total amount of MSI for this year and funding targets for future years will be made as part of the fall budget.

DISCUSSION/OPTIONS/BENEFITS/DISADVANTAGES

COSTS/SOURCE OF FUNDING (if applicable)

Funding Allocation for the Village of Hines Creek 2019

MSI Capital	BMTG	Sub total	Operating	Total
\$120,260.	\$18,582	\$138,629.	\$50,142.	\$188,771.

RECOMMENDED ACTION:

That Council receive the 2019 Municipal Sustainability Initiative Funding Allocations for Capital and Operating in the amount of \$188,771 as information and defer discussions on projects until the next 2019 Budget meeting

Initials show support- Reviewed by:	Manager:	C.A.O. <i>SW</i>
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AUG 22 2019



ALBERTA
MUNICIPAL AFFAIRS

*Office of the Minister
MLA, Edmonton - South West*

AR98072

August 15, 2019

Her Worship Hazel Reintjes
Mayor
Village of Hines Creek
PO Box 421
Hines Creek AB T0H 2A0

Dear Mayor Reintjes,

As per the email sent on August 14, I am pleased to confirm \$597 million in Municipal Sustainability Initiative (MSI) funding and \$473 million in federal Gas Tax Fund (GTF) funding is now available for municipalities and Metis Settlements. GTF funding includes the one-time payment of \$229.5 million announced by Canada in March 2019. I am confident this additional funding will enable you to build stronger communities and better meet your infrastructure priorities.

For the Village of Hines Creek:

- The **interim 2019 MSI capital allocation is \$138,629**. This includes \$120,260 in MSI capital funding and \$18,369 in Basic Municipal Transportation Grant funding.
- The **interim 2019 MSI operating allocation is \$50,142**. This includes \$29,414 in Sustainable Investment funding.
- The **2019 GTF allocation is \$100,000**. This includes \$50,000 as a result of the one time funding top-up and \$50,000 in 2019-20 GTF funding.

MSI and GTF funding amounts for all municipalities and Metis Settlements are also posted on the Government of Alberta website at alberta.ca/municipalities-funding.aspx.

I look forward to the continued partnership between Alberta's municipalities and Metis Settlements, our government, and Government of Canada.

Yours very truly,

Kaycee Madu
Minister

cc: Leanne Walmsley, Chief Administrative Officer, Village of Hines Creek