



Alberta Urban Municipalities Association

**Submission to the Government of Alberta
for the 2010 Provincial Budget**

Date: September 29, 2009



Introduction

A decline in the economy in 2008/2009 means that governments are tightening their belts. AUMA recognizes that the 2010 Provincial Budget must account for a smaller provincial economy and make adjustments accordingly.

To that end, AUMA has reviewed the Alberta Government's four point plan for economic recovery, and has written this Submission with these points in mind: 1) keeping an eye on spending, 2) using savings to protect programs and services for Albertans while keeping taxes low, 3) continuing to invest in infrastructure, and 4) promoting the province on the world stage. AUMA's core recommendations for the 2010 Provincial Budget will focus on how the Government of Alberta can support municipal governments in achieving our collective goal of economic recovery.

Also included in this Submission are several supplementary recommendations for Budget 2010. In recognition of the current economic reality, AUMA is putting forward fewer supplementary recommendations than we have in the past. We have chosen areas where we feel it is urgent to invest at this time, and we appreciate the Government of Alberta's attention to these recommendations.

The core recommendations focus on the economic/financial dimension of sustainability. AUMA's supplementary recommendations relate to social, environmental, governance and cultural dimensions of sustainability.

Attached to this Submission are AUMA's Questions that the Government of Alberta graciously answers each year at Provincial Budget time. We look forward to receiving the answers to the Questions upon the announcement of the Provincial Budget next spring.

AUMA's Core Recommendations for 2010 (related to the economic/ financial dimension of sustainability):

Currently, municipal governments receive short-term ad hoc grants from the Government of Alberta, a system that can impede long-term planning in municipalities. AUMA submits that a new system of transfers to municipal governments will benefit all Albertans. A transfer system that allows for Planning, Permanence and Predictability is essential in supporting Alberta municipalities as they contribute to Alberta's economic recovery.

It is recommended that the Government of Alberta:

1. Begin a transition from the current municipal grant system, towards a permanent system of annual transfers with outcomes-based reporting on provincial, local and joint priorities.
2. Cap Education Property Tax Dollars at \$1.2 Billion as previously promised by the Government of Alberta.
3. Stimulate the economy by continued investments in municipal infrastructure, through provincial/municipal transfers and partnerships, and timely federal/provincial/municipal partnerships.

AUMA's Supplementary Recommendations for 2010:

1. SOCIAL SUSTAINABILITY

1.1. Police

The provincial policing grant (MPAG) does not reflect policing service costs. The effect of the grant declines from about \$48/capita at 5000 population to about \$16/capita for larger cities. Policing costs at all levels are increasing at a faster pace than population inflation while MPAG has only increased to match population growth.

It is recommended that the Government of Alberta reviews with AUMA the following three options for police funding with a view to finding a new equitable formula:

- 1.1.1 The province should fund policing costs equivalent to the costs of the first 5000 population, plus \$50/capita beyond.
- 1.1.2 The province should fund policing at a rate of \$50/capita to all municipalities responsible for their own policing. This option addresses the issue of declining assistance to larger municipalities under the current Municipal Policing Assistance Grant (MPAG) and gives every municipality approximately the same effect per capita as the current MPAG funding to municipalities at the 5000 population level. The Province would provide additional top-up funding to any community which might otherwise receive reduced funding under this new funding model.
- 1.1.3 The province should fund policing at a rate of \$50/capita, as under (b) above, plus an additional \$20/capita for urban populations above 50,000. This option recognizes the higher policing costs in larger centres associated with the greater range and complexity of local crime and the need for more specialized services.

All three options would provide significant added financial support to the municipal sector, ranging from roughly \$114 million per year more under Option 1 to \$122 million under Option 3.

Under any new program support, it is recommended that regular adjustment provisions be incorporated to address the ongoing escalation in policing costs.

1.2 Seniors in Communities

Municipal governments in Alberta are not responsible for providing social services. However, with the case of Seniors' Lodges, municipal governments are finding that the Lodge Assistance Program (LAP) has not kept pace with increasing costs of operating a Seniors Lodge, and municipalities in many cases are being asked to make up for the shortfall.

AUMA also calls on the Government of Alberta to establish programs that allow senior citizens to "age in place." This recommendation suggests a variety of new program

possibilities that would improve the quality of life of seniors in Alberta and would assist in managing the waiting lists for Seniors Lodges.

It is recommended that the Government of Alberta:

- 1.2.1 immediately increase the LAP grant to a minimum of \$9.75 per eligible resident, and that the LAP grant be increased annually to account for inflation; and
- 1.2.2 establish a specific ongoing fund for Seniors' Services designed to support aging in place, including seniors' centres, social services, recreation and specialized transportation for seniors.

2. ENVIRONMENTAL SUSTAINABILITY

2.1 Transit and Transportation

At the 2008 Convention, AUMA adopted the Policy Paper "Towards a Provincial Transit Strategy." AUMA recommends that the Policy Paper be used as the base for the development of a comprehensive provincial transit strategy for Alberta. The Policy Paper speaks to the need to engage AUMA and members in developing a Provincial Transit Strategy and to the need for integrated planning of transit that considers all five dimensions of sustainability: economic, governance, environmental, social and cultural. The Strategy should also speak to all modes of transportation, and identify how they can be used to the best advantage for all Albertans. AUMA emphasizes that developing a strategy is not about additional funding in the short-term but ensuring that current and future funding is used effectively and efficiently towards improving mobility options for all Albertans and is coordinated with implementation of the provincial land use framework, energy strategy and other provincial planning initiatives.

It is recommended that the Government of Alberta:

- 2.1.1 Engage AUMA and its members in developing a comprehensive Provincial Transit Strategy for the planning, funding and implementation of many forms of transit technology - conventional and para-transit buses, Bus Rapid Transit (BRT), commuter rail, Light Rail Transit (LRT) and high speed rail, and their appropriate effective and efficient applications throughout Alberta's towns and cities, and two metropolitan regions.

3. GOVERNANCE SUSTAINABILITY

3.1 Future of Local Governance

In 2008, the AUMA Board of Directors set a goal to investigate the state of municipal government and/or the possibilities of restructuring municipalities. AUMA launched its Future of Local Governance (FOLG) initiative in 2009, and work has included the

development of several papers, engagement and consultation with Alberta municipalities, and a President's Summit.

As a result of the FOLG initiative, AUMA puts forward the following definition of Sustainable Local Governance.

Sustainable Local Governance means

...providing and delivering infrastructure and services to citizens in an **Effective, and Efficient** manner, while all the time recognizing the paramount position of local citizens, and while engaging them. Municipal governance sustainability is dependent on the community's **Confidence** in its local government to accomplish its goals and the community's **Support** for accomplishing those goals.

...adhering to a consistent, strong and transparent **Accountability System** for all Municipal Governments, which is easily understood, trusted by citizens and recognized by the provincial government. Accountability System components include long-term plans, policies, performance measures and annual Sustainability Reports.

...developing **strong inter-governmental coordination and cooperation** (including partnerships with other local governments and other orders of government) that enable responsiveness to citizen needs when those needs cannot be fulfilled by one government alone. Coordinating and cooperating with other governments depends, in part, upon the community's **Resources or Adequate Access to Resources** (population, local economy, property tax assessment base).

AUMA believes that assessment tools are needed to assist municipal governments in determining if they meet the definition of governance sustainability, and incentives are required to encourage restructuring if a municipality finds itself not meeting the definition of sustainability.

It is recommended that the Government of Alberta:

3.1.1 Support AUMA by working with the Association on a Municipal Governance Toolkit that would assist municipal governments as follows:

- assessing their sustainability,
- annually measuring their performance at a high level,
- linking Municipal Sustainability Planning to action and performance,
- governance change and citizen engagement, and
- transitioning to a new governance model if the municipal government and citizens choose to do so.

3.1.2 Work with the Association to review incentive programs, and build a “made-in-Alberta” incentive solution that would encourage municipal governments to change if their sustainability assessment showed that they should make operational changes or restructure.

3.2 Timing of Provincial Budget Announcement

Municipal governments face a challenge when the annual Provincial Budget announcement is delayed into the Spring of each year. Municipal budget timelines and tax notices are squeezed when the Provincial Budget and the required education requisition are released later than the month of February. A late Provincial Budget announcement leaves inadequate time for municipal Councils to create, analyze and discuss the municipal tax rate bylaw, and to communicate municipal tax implications to Albertans. In addition, the collection and receipt of municipal tax revenues is postponed, holding up the business of the municipal government, and priority projects within communities.

It is recommended that the Government of Alberta:

3.2.1 Consider February as the fixed Provincial Budget announcement month, and if that is impossible, that the Government of Alberta provide municipal governments with their education requisition funding requirements no later than the end of February each year.

4. CULTURAL SUSTAINABILITY

4.1 Future of Local Governance and Community Culture

AUMA has found that municipal officials and community residents can be fearful when faced with potential changes to the structure of their communities. The fear of change may be the largest barrier to making changes to ensure strong governance in Alberta communities.

AUMA appreciates the quality work of Alberta's Community Development Officers in helping communities and organizations through change. The Municipal Governance Toolkit outlined in Recommendation 3.1.1 would be significantly bolstered through a partnership with Alberta Culture and Community Spirit. High quality and respected change facilitators such as Alberta's Community Development Officers would ensure that community culture is maintained if local governance is restructured in Alberta.

It is recommended that the Government of Alberta:

- 4.1.1. work with AUMA to define a strong role for Alberta Community Development Officers in managing and helping a community embrace changes to municipal government structure while maintaining or enhancing a community's culture.

Concluding Words

AUMA appreciates all opportunities to collaborate with the Government of Alberta in working towards innovative, safe, healthy, environmentally sustainable and efficient province. Alberta's municipal elected officials enact change in their communities on a daily basis, and are strong and committed partners with the Government of Alberta and Alberta's Members of the Legislative Assembly.



APPENDIX

AUMA Questions Regarding Alberta's Provincial Budget 2010

1. Does Alberta's 2010 Provincial Budget move towards a new system of annual transfers from the Government of Alberta to Alberta Municipalities that is based on municipal sustainability planning and achieving local, provincial and joint outcomes?
2. What is the budgeted break down of the Education tax requisition for 2009/2010?

FISCAL YEAR:

	2009-10 (\$million)	2010-2011	%change(+/-)
Residential	1077		
Non-Residential	645		

CALENDAR YEAR:

	2009 (\$million)	2010	%change(+/-)
Residential	1058		
Non-Residential	643		

3. What amount is allocated in the 2009 Budget to increase the provincial contribution to communities for the Government of Alberta's share of policing costs? How is the funding distributed by types of municipalities?

	2009-10 (\$000)	2010-11	%change (+/-)
Municipal Policing Assistance Grants	49134		
Organized Crime Assistance for New Hires	28313 20000		

4. What has been budgeted in 2010 to meet the Government of Alberta's commitment to seniors' housing, affordable housing and homelessness?

	2009-10 (\$000)	2010-11	% change (+/-)
Seniors Lodge Assistance	34420		
Family and Special Purpose Housing	47786		
Rent Supplements	56000		
Emergency/transitional Shelter Support	40500		
Outreach Support Services	32000		
Homeless and eviction prevention fund	34000		
Support to Providers of Seniors Housing	2087		
Capital Grants:			

Affordable Housing Program	177600		
Homeless Prevention Initiative	100000		
Seniors Housing Capital Grants			
Affordable Supportive Living Initiative	50000		

5. Have funds been allocated in 2010 to support the “aging in place” of Alberta seniors and a continuum of care for those requiring care?
6. Where in the 2010-2013 Business Plan is there a commitment to a province-wide transportation/transit strategy and the funds to implement such a strategy?
7. What does the 2010 Provincial budget allocate to Family and Community Support Services (FCSS), and how has this changed from the 2009 Provincial Budget?
8. Is there a 2010 Provincial Budget allocation for the development of a municipal climate change resource centre that will provide municipalities access to expertise to help design, implement and monitor high impact emissions reduction projects (such as green building and district energy projects)?
9. What is being budgeted in 2010 for municipal transportation infrastructure funding (e.g. roads + streets) as well as for non-transportation infrastructure (water + sewer)? How do these amounts compare to last year’s budget for each of these budget line items? Has the formula for calculation changed?

Grant	Formula	2009(\$000)	2010	% Change
Municipal Sustainability Initiative	Base amount, population, assessment, road length	350000		
City Transportation Grant	\$.05/litre	198000		
Basic Capital Grant	\$60 per capita	42825		
Provincial Highway Maintenance Grant	\$1,959 per lane km	1300		
Street Improvement Program	\$60 per capita	31700		
Rural Transportation Grant	Based on kilometres of open road, population, equalized assessment and terrain	60000		
Resource Road Program	Projects that enhance the movement of goods/people to new or expanded, value-added processing facilities	16000		
Community Airport Program	Assistance for runway/taxiway rehabilitation and construction	2000		
Alberta Municipal	Grants based on % of project	188300		

Water/Wastewater Program	costs. The % is calculated with a population-based formula.			
Alberta Municipal Infrastructure Program	Base amount + per capita	485773		
Building Canada Fund (federal funding, possibly provincial funding)		66000		
Canada/Alberta Municipal Rural Infrastructure Fund	Project specific funding	22752		
Infrastructure Canada/Alberta Program	Project specific funding	500		
Federal Gas Tax Fund	Population	190800		
Federal public transit trust	Base + ridership	6400		
Green Transit Incentives Program	Project-specific	10000		
Other/New Initiative				

10. Where in the 2010 Budget is there a commitment to increased, adequate benefit levels to Albertans, annually adjusted for inflation, in the areas of Alberta Works, AISH and the minimum wage?

11. What has been included in the 2010 Budget for library funding and arts and cultural programs impacting communities?

	2009-10	2010-11	% change (+/-)
Library Funding	30419		
Lottery-funded Agencies	46366		
Community Initiatives Program	28000		
Community Facilities Enhancement Program	38000		
Community Spirit Donation Program	20000		
Major Fairs and Exhibitions	23360		
Other/new initiatives			

12. Does the 2010 Provincial Budget commit to restoring financial support of the Arts to a level equitable to the original funding of the Alberta Foundation for the Arts by adjusting the fund for inflation and population increases?