

AUMA Questions Regarding *Budget 2011*

- 1. Has the Government of Alberta returned to its 2007 commitment of \$1.4 billion annually for the Municipal Sustainability Initiative (MSI)?**

The Government of Alberta is continuing to help build communities by investing in municipal infrastructure through the Municipal Sustainability Initiative (MSI).

In 2011-12, Alberta municipalities will receive \$836 million in capital grants through the MSI, an increase of \$10 million from 2010-11. *Budget 2011* also includes capital funding of \$846 million in 2012-13 and \$1.0 billion in 2013-14 for the MSI. In addition, \$50 million per year is budgeted for operating grants.

- 2. Following *Budget 2010*, AUMA pointed out the \$124,258,319 shift in funding from urban municipalities to rural municipalities as a result of the change in funding formulas from the Alberta Municipal Infrastructure Program (AMIP) to the MSI. Has the Government of Alberta implemented the AMIP's base amount + per capita funding formula for delivering the MSI?**

Funding under the Municipal Sustainability Initiative (MSI) continues to be allocated to all municipalities on the basis of a formula that was developed in 2007, following extensive consultation with over 450 municipal representatives.

Under this formula, 48 per cent of MSI funding is allocated on a per capita basis, 48 per cent by education property tax requisitions, and four per cent by kilometers of local road, after providing base funding for all municipalities and sustainable investment funding for municipalities with limited local tax bases. This hybrid allocation formula balances the needs of all sizes and types of municipalities.

To clarify, there was no "change in funding formulas" in 2010. The five-year AMIP funding, which was primarily based on municipal population, expired as of March 31, 2010, as had been clearly communicated since the program's inception. The MSI, allocated through the hybrid formula, increased in 2010-11 in recognition of the importance of continued infrastructure funding support for municipalities.

Under the MSI, funding received by each individual municipality will continue to be based upon population, the assessment base, and the size of the local road network.

- 3. Does *Budget 2011* move towards the signing of a new Provincial-Municipal Contract, including annual transfers from the Government of Alberta to Alberta municipalities? If not, how can AUMA and the Government of Alberta work in partnership to achieve such a contract?**

The Government of Alberta has an extensive track record of working with and supporting municipal governments and this commitment continues in *Budget 2011*. The Government does not believe that the type of contract proposed by the AUMA is necessary, but will continue to work collaboratively with the association and its members for the betterment of municipalities and their residents.

In achieving these objectives, Municipal Affairs continues to fund the Municipal Sustainability Initiative, and is working with the AUMA and other municipal associations to develop the Municipal Sustainability Strategy. The ministry will continue to collaborate and consult with its municipal partners in addressing important issues constructively and effectively.

4. What is the budgeted break down of the education property tax requisition for 2011-12?

(\$million)

	Fiscal Year		
	<u>2010-11</u>	<u>2011-12</u>	<u>% change</u>
Residential	1,115	1,143	2.5
Non-residential	<u>676</u>	<u>693</u>	2.5
Total	1,791	1,836	2.5

	Calendar Year		
	<u>2010</u>	<u>2011</u>	<u>% change</u>
Residential	1,105	1,136	2.8
Non-residential	<u>664</u>	<u>689</u>	3.7
Total	1,769	1,825	3.1

In fiscal year 2011-12, the revenue requirement for education property taxes is \$1.836 billion, an increase of \$45 million, or approximately 2.5 per cent, from 2010-11. The 2011-12 revenue requirement includes \$202 million that will be collected directly by municipalities for opted-out school boards.

In 2011, the provincial education property tax rates will fall by about 8.0 per cent. The residential/farm property rate will fall from \$2.93 to \$2.70 per \$1,000 of equalized assessment. The non-residential rate will fall from \$4.31 to \$3.97 per \$1,000 of equalized assessment. This marks the 18th consecutive year in which the provincial government has either reduced or frozen its education property tax rates.

The property tax revenue requirement ensures continued stability and sufficient funding for Alberta's kindergarten to grade 12 education system. The increased revenue will also help to ensure that Alberta's basic education system continues to be among the best in the world.

5. Has the Government of Alberta budgeted funding in 2011 to ensure a comprehensive review and restructuring of the property assessment system in Alberta?

Municipal Affairs has announced that it will be conducting a phased, comprehensive review of the *Municipal Government Act*. This *Act* provides the legislative framework for Alberta's property tax system. The review, currently in its planning stage, will take place over a two to five year period and will include public consultations.

6. Has the Government of Alberta budgeted funding in 2011 to ensure a comprehensive review of the *Municipal Government Act* that would consider principles-based municipal legislation?

As mentioned in Question 5, Municipal Affairs has announced that it will be conducting a phased, comprehensive review of the *Municipal Government Act*. The review, currently in its planning stage, will take place over a two to five year period and will include public consultations.

7. What amount is allocated in *Budget 2011* 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?

	2010-11 Forecast (\$000)	2011-12 Estimate (\$000)	% change
Municipal Policing Assistance	49,295	49,505	0.4
New Police Officer Grant	29,760	30,000	0.8
Total	79,055	79,505	0.6

There has been no change to the funding formula for Municipal Policing Assistance Grants. These are provided to municipalities with populations over 5,000 that are responsible for their own policing, and are calculated according to the following formula:

- Towns and cities with populations between 5,001 and 20,000 receive a \$200,000 base payment plus an additional \$8.00 per capita.
- Cities and urban service areas with populations between 20,001 and 50,000 receive a \$100,000 base payment plus \$14.00 per capita.
- Cities and urban service areas with populations over 50,000 receive grants of \$16.00 per capita.

There has been no change to the funding formula for the New Police Officer grant. This ongoing funding is distributed to municipalities responsible for providing their own municipal policing.

Municipalities that pay for their own policing benefit by retaining provincial fine revenue (estimated at \$109 million annually).

The amount paid under the Provincial Police Service Agreement has increased by \$8.8 million to account for inflation, an increase in the pension contribution rate and enhanced policing paid for by applicable municipalities. This funding allows the Province to continue to provide policing to municipalities with urban populations of 5,000 or less, as well as all rural municipalities (i.e. municipal districts/counties regardless of population).

Despite a challenging fiscal situation, the Province has not decreased any support for policing. In fact it has increased funding for Provincial Police Service Agreement, First Nations policing and Municipal Policing Assistance Grants.

8. Does *Budget 2011* introduce an escalator into the funding formula for policing that accounts for increases to policing costs?

No, an escalator has not been added into the funding formula for policing grants.

9. Does *Budget 2011* utilize a new Law Enforcement Framework Funding Model in which all municipal governments contribute to the costs of policing? If so, does the new Funding Model for policing include the following:

- a) A description of how the new surplus funds will be used;**
- b) A formula that includes the impacts of sharing policing costs, and**
- c) A formula that addresses the shortage of transfers to those municipalities currently paying for police services?**

No, *Budget 2011* does not use a new Law Enforcement Framework Funding Model.

A guiding principle of the new Law Enforcement Framework is that the cost of policing services in Alberta should be shared in an equitable manner among Albertans and Alberta communities. As such, in consultation with Alberta's municipal associations, the Government of Alberta continues to work on a new funding model to distribute the costs of local policing in an equitable, transparent and sustainable manner.

10. What is being budgeted in 2011-12 for municipal transportation infrastructure funding (e.g. roads and streets) as well as for non-transportation infrastructure (e.g. water and sewer)? How do these amounts compare to last year's forecast for each of these budget line items? Has the formula for calculation changed?

Grant	Formula	2010-11 Forecast (\$000)	2011-12 Estimate (\$000)	% change
Municipal Sustainability Initiative	Base amount, population, assessment and road length.	828,861	836,000	0.9
Basic Municipal Transportation Grant	Allocation-based	193,638	304,057	57.0
Strategic Transportation Infrastructure Program	Project-specific	74,000	86,820	17.3
Municipal Water Wastewater Program / Water for Life	Project-specific	113,000	257,560	127.9
Alberta Municipal Infrastructure Program	Population	30,200	-	(100.0)
Canada/Alberta Municipal Rural Infrastructure Fund	Project-specific	35,475	1,000	(97.2)
Building Canada - Gas Tax Fund	Population	199,503	199,503	-
Green Transit Incentives Program (GreenTRIP)	Project-specific	70,000	120,000	71.4
Building Canada - Communities Component	Project-specific	46,930	57,000	21.5
Building Canada - Communities Component (Top-up)	Project-specific	90,160	-	(100.0)
Infrastructure Stimulus Fund	Project-specific	165,266	-	(100.0)
Building Canada - Major Infrastructure Component	Project-specific	-	20,000	n/a
Total		1,847,033	1,881,940	1.9

In 2011-12, Alberta municipalities will receive \$886 million through the MSI, an increase of \$10 million from 2010-11. The Government is committed to providing the full \$11.3 billion MSI investment to municipalities.

There has been no change to the funding formula for the MSI. Funding received by each individual municipality will continue to be based upon the same formula that takes into account population, the assessment base, and the size of the local road network.

The comparative allocations for Transportation's grants are shown in the table above. The program formula for calculating total amounts payable remain as they were in 2010-11.

Funding formulas for the 2011-12 Basic Municipal Transportation Grant (BMTG), the combination of the annual allocation-based municipal transportation infrastructure grants, remain the same as those used in the previous year. The BMTG funding formula will continue to be based on:

- \$0.05/litre for the City Transportation Fund component. The timing of when the actual funds flow to Edmonton and Calgary can vary from year to year, but results in an average annual entitlement of \$200 million to the cities which complies with the signed agreements.
- \$60/capita for Basic Capital Grant and Streets Improvement Program components.
 - As announced on February 1, 2011, the requirement for a 25 per cent municipal cost share under the Basic Capital Grant and Street Improvement Program components of the Basic Municipal Transportation Grant program has been eliminated. The change will provide municipalities with more flexibility to address local transportation needs. The per capita allocation amounts of this component will remain the same.
- \$1,959/lane Km for the Provincial Highway Maintenance Grant component.
- Rural Transportation Grant - an annual formula allocation based on various factors such as road length and population.

The Infrastructure Stimulus Fund, Building Canada Fund – Communities Component Top-up, and Alberta Municipal Infrastructure Program will be substantially completed in 2010-11.

11. Has the Government of Alberta budgeted funding in 2011 to ensure a comprehensive review of transportation programs, to be conducted in partnership with AUMA during 2011?

Alberta Transportation develops, reviews, and updates its programs on an ongoing basis. The Ministry engages in stakeholder dialogue on an ongoing basis and we will continue to do so.

12. Does *Budget 2011* include funding for programs that address alternative modes of transportation such as cycling, running and walking (e.g: funding for the construction of trail systems)?

Tourism, Parks and Recreation is leading a cross-ministry effort to develop a Recreation Corridor and Trail Systems Implementing Strategy, which will provide detailed recommendations on the development and management of a provincial trail system.

13. Does *Budget 2011* include funding for the Major Community Facilities Program and, if so, is there a long-term commitment to this program?

No, the Major Community Facilities Program was a two-year program that expired as planned on March 31, 2009.

14. Does *Budget 2011* establish a new Urban and Countryside Parks Program that supports municipalities in parks planning, parkland acquisition, park development, conservation, operations and promotions?

The government is not contemplating funding for a specific Urban and Countryside Parks program.

The government has already provided significant support and worked with municipalities, landowners and developers to develop parks that serve urban populations over the past five years.

- In 2008, the Government of Alberta invested \$50 million in the Capital Region River Valley Alliance to support further development of the Capital Region River Valley Park concept plan to create a continuous 88 kilometre corridor of parkland from Devon to Fort Saskatchewan.
- In 2006, \$40 million was invested to acquire the lands that will open to the public as Glenbow Ranch Provincial Park in the summer of 2011. The park conserves the spectacular natural landscape between Calgary and Cochrane and plays an important role in the ecosystem that provides clean drinking water for the City of Calgary.
- In 2005, the Lois Hole Centennial Provincial Park was announced. Subsequently, in 2010, an additional 380 hectares was acquired to expand the park by approximately 30 per cent. This provincial park provides an amazing legacy for more than a million nearby residents and it is an internationally significant bird sanctuary in our Capital region.

15. What has been budgeted in 2011-12 to meet the Government of Alberta's commitment to seniors' housing, affordable housing and homelessness?

	2010-11 Forecast (\$000)	2011-12 Estimate (\$000)	% change
Operating Support:			
Seniors Lodge Assistance	35,420	35,720	0.8
Family and Special Purpose Housing:			
Community Housing Providers	39,450	39,450	-
Seniors Housing Providers	8,087	8,087	-
Other Housing Providers	296	296	-
Special Needs Housing Providers	5,430	5,430	-
Rent Supplement Program	75,100	77,100	2.7
Emergency/Transitional Shelter Support	40,500	38,500	(4.9)
Outreach Support Services	45,037	54,100	20.1
Sub-Total	249,320	258,683	3.8
Capital Grants:			
Affordable and Homeless Housing*	188,310	100,000	(46.9)
Special Needs Housing Providers	2,230	-	(100.0)
Special Needs Housing Providers - Portage College	500	-	(100.0)
Community and Seniors Housing Providers - Maintenance	39,190	-	(100.0)
Affordable Supportive Living Initiative	89,150	75,000	(15.9)
Total	568,700	433,683	(23.7)

* In 2011-12, the Affordable Housing Program and Homeless Prevention Initiative are combined into one program.

Budget 2011 includes \$58 million in 2011-12 for the Parsons Creek land development in Fort McMurray, which includes a social housing component.

It also includes \$40 million in 2011-12, \$48 million in 2012-13 and \$54 million in 2013-14 for the renewal of the Alberta Social Housing Corporation housing portfolio.

16. Does *Budget 2011* renew the Government of Alberta's commitment to provide block funding for housing to jurisdictions under a multi-year plan?

Budget 2011 does not include a commitment to provide block funding for housing to municipalities under a multi-year plan.

17. Regarding provincial Grants in Place of Taxes, does *Budget 2011*:

- a) Provide municipalities with grants in place of taxes to pay for the costs of municipal services to non-profit housing agencies that are not management bodies formed pursuant to the Alberta Housing Act, where those agencies are exempt from the payment of municipal and education property taxes?
- b) Commit to payment of grants in place of taxes within the municipality's tax due dates?

The 2011 Grants in Place of Taxes program budget of \$47.3 million includes funding for those qualifying non-profit seniors' housing facilities that were eligible in 2001. Schedule 2 of the Municipal Affairs Grants Regulation, authorizing the payment of a grant for the non-profit seniors' housing facilities, was amended and approved on December 16, 2010 for a five year extension from 2011 to 2015.

On an annual basis, every effort is made by Municipal Affairs to process the nearly 6,000 Grants in Place of Taxes applications and payments within the municipality's tax due date.

18. Through *Budget 2011*, has the Government of Alberta restored provincial funding to nonprofit/voluntary organizations, and acknowledged that municipal governments are not expected to make up for provincial funding cutbacks to the nonprofit/voluntary sector?

Alberta's nonprofit/voluntary sector is a key contributor to building strong and vibrant communities.

Budget 2011 maintains the 2010-11 funding levels for the Community Facility Enhancement Program and the Community Spirit Donation Grant Program. The Community Initiatives Program has been reduced by one per cent or \$250,000.

Culture and Community Spirit initiated a review of the administration of grant programs available to the nonprofit/voluntary sector to make them more user-friendly, reduce the administrative burden for sector organizations and increase internal efficiencies. The Nonprofit and Voluntary Citizens' Advisory Committee has been specifically asked to provide advice to the Minister of Culture and Community Spirit on criteria for the allocation of funding to the various sub-sectors of nonprofit/voluntary sector organizations in the province.

In late 2010, regional dialogue sessions were held with nonprofit leaders in eight locations around the province to continue a conversation with the sector about issues of concern including funding practices, building efficiencies, and ensuring long-term sustainability of this sector.

19. Does *Budget 2011* return the grants available through the Alberta Municipal Water/Wastewater Program to the 2008 level, and does it provide other grants that:

- a) Incent water conservation, energy, and productivity, as identified in the Alberta Water Council's Recommendations for Water Conservation, Efficiency and Productivity Sector Planning (moving towards full cost accounting, and grant support for good planning/actions), and
- b) Continue to support municipalities with drinking water operations by providing educational and technical resources, including full cost accounting workshops?

The 2011-12 budget for Municipal Water Wastewater Program/Water for Life is \$257.6 million (\$67.6 million for Municipal Water/Wastewater Program and \$190 million for Water for Life).

The 2011-12 budget for Alberta Municipal Water/Wastewater Program is consistent with *Budget 2008* (excluding one time funding provided for the Lower Townsite Wastewater Collection System in Fort McMurray). This program continues to support initiatives to upgrade water and wastewater treatment for Albertans. Approved projects are expected to incorporate water conservation measures.

20. What has been included in *Budget 2011* for library funding and arts and cultural programs impacting communities?

	2010-11 Forecast (\$000)	2011-12 Estimate (\$000)	% change
Library Grants	30,119	30,719	2.0
Lottery-Funded Agencies:			
Alberta Foundation for the Arts	27,242	26,925	(1.2)
Alberta Historical Resources Foundation	8,000	7,875	(1.6)
Human Rights Education and Multiculturalism Fund	1,725	1,700	(1.4)
Community Initiatives Program	25,500	25,250	(1.0)
Community Facility Enhancement Program	38,000	38,000	-
Community Spirit Donation Grant Program	16,000	16,000	-
Total	146,586	146,469	(0.1)

The two per cent increase in library funding adjusts the 2011-12 per capita operating grant to library boards to 2010 population levels.