

Intergovernmental Affairs Update

Recent developments in The City's fiscal framework

Capital Funding

- For several years, provincial interest in the municipal financial toolkit have been primarily limited to the development and upcoming implementation of the new Local Government Fiscal Framework (LGFF).
- LGFF will replace the Municipal Sustainability Initiative (MSI) in 2024 as Alberta's primary municipal infrastructure funding program.
- In 2024, \$382 million will be allocated between Calgary and Edmonton, to grow (decline) at a rate of 50 per cent of provincial revenue growth (decline).
- Program details (e.g. project eligibility, eligible expenses) are yet to be announced, but are expected to be similar to MSI, with changes to streamline the program.

Operating Funding

- The province provides some operating support, either in stand-alone programs (e.g. Family & Community Support Services (FCSS)) or to accompany certain capital funding (e.g. MSI Operating Component).
- A major exception was made twice during COVID, when both the federal and provincial governments provided municipalities with additional operating support through the Safe Restart Agreements and the Municipal Operating Support Transfer
- Although lasting operating support is a long-standing ask of the municipal sector, these programs were designed as emergency measures to support operating losses due to the pandemic (e.g. major decline in transit revenue), and were not accompanied by any long term commitments.

Things to watch

- In addition to the release of program details for the LGFF, we will also be monitoring the Premier's suggestion during the campaign for her party's leadership to explore allowing municipalities to retain the provincial portion of the property tax. This notion has since been repeated in the Premier's Mandate Letter to the Minister of Municipal Affairs.
- While unlikely to take shape in the next months, this and other commitments to municipal finance reform may reemerge during the provincial election campaign this spring