



## STRATEGY & COMMUNICATION SERVICES COMMITTEE AGENDA

April 30, 2024

11:00 AM

Council Chambers, City Hall

ATTENDEES

K. O'Toole, C. Thiessen, W. Bosch, J. Clayton

*All City of Grande Prairie public meetings of Council are accessible to the public as a live stream broadcast through our website at: [Meeting Webcast / City of Grande Prairie \(cityofgp.com\)](#)*

*Anyone wishing to attend to speak as a delegate must contact Legislative Services at [AgendaAdmin@cityofgp.com](mailto:AgendaAdmin@cityofgp.com) to submit their presentations in advance. Delegation requests must be submitted by 12:00 p.m. on April 29.*

---

1. CALL TO ORDER
2. ADOPTION OF AGENDA
3. DELEGATIONS
4. REPORTS

4.1 Service Area Update

Janet MacEachern

4.2 Local Government Fiscal Framework Advocacy

Janet MacEachern

5. CORRESPONDENCE
6. OTHER BUSINESS
7. BYLAW & POLICY REVIEW
8. OUTSTANDING ITEMS LIST
9. ADJOURN



## ADMINISTRATIVE REPORT

<b>TO:</b> Shane Bourke, City Manager	<b>DATE:</b> April 30, 2024
<b>FROM:</b> Janet MacEachern, Chief of Staff	<b>MEETING:</b> Strategy & Communication Services Committee
<b>REPORT WRITER:</b> Rory Tarant, Intergovernmental Affairs Director	
<b>SUBJECT:</b> Local Government Fiscal Framework Advocacy	

### RECOMMENDATIONS

That Committee recommend Council direct the Mayor to write a letter to the provincial government requesting changes to how LGFF allocations are determined.

### PREVIOUS COUNCIL / COMMITTEE DIRECTIONS

No direction.

### BACKGROUND

In 2024, the Municipal Sustainability Initiative (MSI) was replaced with the Local Government Fiscal Framework (LGFF). These programs have been the largest sources of infrastructure funding for the City. In December 2023, the Minister of Municipal Affairs announced the LGFF formulas.

The new LGFF Capital Fiscal formula included six components. Two of the components include: Tangible Capital Assets and Amortization of Tangible Capital Assets (TCAs). While the City of Grande Prairie is supportive of these components in the formula, there are some procedural issues which preclude five non-Charter municipalities in the province, including the City, from receiving full credit for a municipality's eligible TCAs which, in turn, reduces our LGFF allocation.

### ANALYSIS

Under the new formula, the book value of TCAs and TCA amortization are both derived from information provided by municipalities through Financial Information Returns (FIR) that they are required to file with Municipal Affairs each year. In these returns, only TCAs directly owned by municipalities are recorded in accordance with Public Sector Accounting standards.

One of the challenges with current LGFF procedures is that they fail to account for municipalities who choose to adopt alternative service delivery models for core municipal services. In the Grande Prairie region, the City and County of Grande Prairie and Towns of Sexsmith and Wembley have chosen to deliver water, wastewater and solid waste services through a Municipally Controlled Corporation (MCC), Aquatera Utilities Ltd.

As Aquatera owns the infrastructure for these systems, their assets are not recorded on its municipal shareholders' FIRs. In effect, these assets are not credited to the municipalities which lowers our LGFF allocation under the new formula.

The City of Chestermere is also in a similar position with their assets being owned by Enmax.

Across the province, nearly every municipality eligible for LGFF receives credit for the water, wastewater and solid waste assets that service their communities. It is the City's position that these core municipal assets should be included in the calculations for the LGFF allotment, whether they are directly owned by the municipality or indirectly owned as a shareholder in an MCC.

It is unfair to the residents of the Grande Prairie region that they do not receive a capital funding allocation for core municipal assets on par with millions of other Albertans. Further, municipalities should not be penalized for adopting alternative servicing models which improve efficiency and foster regional collaboration.

The City will be requesting that Municipal Affairs provide for a mechanism to allow eligible assets under this ownership structure to be incorporated into LGFF allotment calculations.

### **Relationship to City Council's Areas of Focus / Strategic Priorities**

Aligns with Council's Focus Area of developing and nurturing key relationships with stakeholders and other levels of government; building on mutual strengths.

### **Environmental Impact**

No impact.

### **Economic Impact**

A reduction in LGFF grant funding results in less funds being expended on capital projects in the City, which in turn reduces the economic spinoffs for the local economy.

### **Social Impact**

No impact.

### **Relevant Statutes / Master Plans / City Documents**

### **Risk**

There is a financial risk of not advocating for these changes as the Province would continue to not recognize Aquatera assets in the LGFF allocations, reducing our LGFF allotments.

## STAKEHOLDER ENGAGEMENT

The City has engaged with Aquatera to ensure that if the Province agrees to our proposed changes, that we would have appropriate mechanisms to provide asset values to the Province.

The City has also engaged with other Aquatera shareholders (County, Sexsmith and Wembley) and has requested their support in our advocacy. We are waiting for letters of support from each shareholder.

## BUDGET / FINANCIAL IMPLICATIONS

It is estimated that the City's LGFF allocation for 2024 would be approximately \$400K-500K higher if Aquatera assets located within the City were included.

## SUMMARY / CONCLUSION

The inclusion of TCAs as components of the LGFF formula has created some challenges for the five LGFF-funded municipalities in the province whose water/wastewater infrastructure is not directly owned by the municipality. The City is advocating for Aquatera's assets to be included in the calculation of Aquatera's shareholders' LGFF allocations.

## ATTACHMENTS

LGFF Briefing Note

# BRIEFING NOTE

## LGFF FUNDING FORMULA – AQUATERA ASSETS

### Background

In 2024, the Municipal Sustainability Initiative (MSI) was replaced with the Local Government Funding Framework (LGFF). In December 2023, the Minister of Municipal Affairs announced the LGFF formulas.

The new LGFF Capital Funding formula included six components. Two of the components include: Tangible Capital Assets and Amortization of Tangible Capital Assets (TCAs). While the City of Grande Prairie is supportive of these components in the formula, there are some procedural issues which preclude five non-Charter municipalities in the province, including ours, from receiving full credit for a municipality's eligible TCAs which, in turn, reduces our LGFF allocation.

### Tangible Capital Assets

Under the new formula, the book value of TCAs and TCA amortization are both derived from information provided by municipalities through Financial Information Returns (FIR) that they are required to file with Municipal Affairs each year. In these returns, only TCAs directly owned by municipalities are recorded in accordance with Section 3150 of the Public Sector Accounting Handbook.

For purposes of the LGFF formula, several asset types are removed from TCA values: Electricity and Gas Distribution Systems, Machinery and Equipment, and Land. Once removed, the remaining TCA values are inserted into the LGFF formula.

### Alternate Service Delivery

One of the challenges with current LGFF procedures is that they fail to account for municipalities who choose to adopt alternative service delivery models for core municipal services. In the Grande Prairie region, the City and County of Grande Prairie and Towns of Sexsmith and Wembley have chosen to deliver water, wastewater and solid waste services through a Municipally Controlled Corporation (MCC), Aquatera Utilities Ltd.

As Aquatera owns the infrastructure for these systems, their assets are not recorded on its municipal shareholders' FIRs. In effect, these assets are not credited to the municipalities which lowers our LGFF allocation under the new formula.

The City of Chestermere is also in a similar position with their assets being owned by Enmax.

**Aquatera**

Aquatera was established in 2003 as an innovative approach to regional collaboration and economic development. Its creation eliminated the need for redundant water/wastewater systems in the region and has fostered increased regional development.

Aquatera has a robust asset management system in place and accounts for its assets in a similar manner as municipal governments in the province. Further, Aquatera is able to separate its assets out by their municipal servicing location. Any assets which are attributed to business outside of core municipal services are tracked independently.

**Proposed Changes**

Across the province, nearly every non-Charter municipality eligible for LGFF receives credit for the water, wastewater and solid waste assets that service their communities. It is the City's position that these core municipal assets should be included in the calculations for the LGFF allotment, whether they are directly owned by the municipality or indirectly owned as a shareholder in an MCC.

It is unfair to the residents of the Grande Prairie region that they do not receive a capital funding allocation for core municipal assets on par with millions of other Albertans. Further, municipalities should not be penalized for adopting alternative servicing models which improve efficiency and foster regional collaboration.

**We request that Municipal Affairs provide for a mechanism to allow eligible assets under this ownership structure to be incorporated into LGFF allotment calculations.**

## STRATEGY &amp; COMMUNICATION SERVICES COMMITTEE - OUTSTANDING ITEMS LIST - APRIL 30, 2024

ID	Title	Requested on	People Responsible	Item Notes	Expected Report Date
1318	Public Engagement Policy 128 Updates	4/22/2024	Philip Cooper	Council direct Administration to prepare amendments to Policy 128 that will provide opportunity for Council involvement in exceptional/high priority engagements.	Q2 2024
1316	ABMunis Resolution - DRP	3/27/2024	Rory Tarant	Committee direct Administration to bring back a proposed resolution regarding potential efficiencies in the current DRP, for submission in the fall.	Q2 2024
2					