

Edmonton

Welcome to Canadian Association of Government Finance Officers 2019 Conference. Vancouver, B.C.

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Opportunities Are Before Us



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Strategic Grants: Funding Municipal Infrastructure Needs – Outline

- Why a Strategic Grants Presentation? Simply: Change continues...
- History: Allocation based grants
- Current Landscape
- Current Grant examples: PTIF, DMAF, ICIP, BCF, MSI, ACRP, etc.
- Trends: how the grants landscape is changing
- What Municipalities can do to fit into a changing grants landscape
- Examples and Case Studies

Grants

- History: Grant allocations based on population, many projects, priorities not required, business cases for some.
- Increasing Pressures on Municipalities:
 - Economic – local, provincial, federal
 - Residents' infrastructure needs & service expected
 - Federal goals, programs, priorities, eligibility
 - Provincial goals, programs, priorities, eligibility, admin for feds
 - Securing funding more competitive & politicized...

Grants Landscape

- Other orders of government are facing fiscal constraints;
- We've seen this with the reduction to MSI since 2009, which has made it harder to plan and manage cash flows;
- GreenTRIP has not issued additional calls for applications as the province waited for cash flows to catch up with commitments.
- On the federal side, the new BCF program had limited cash flows in the first 3 yrs. and did not fully ramp up until later in the 10 yr. program.
- More emphasis on strategic alignment, business cases, metrics and outcomes, asset management plans...

Priorities, Strategies...



Let's Avoid Priorities Set for Us



Grants Landscape

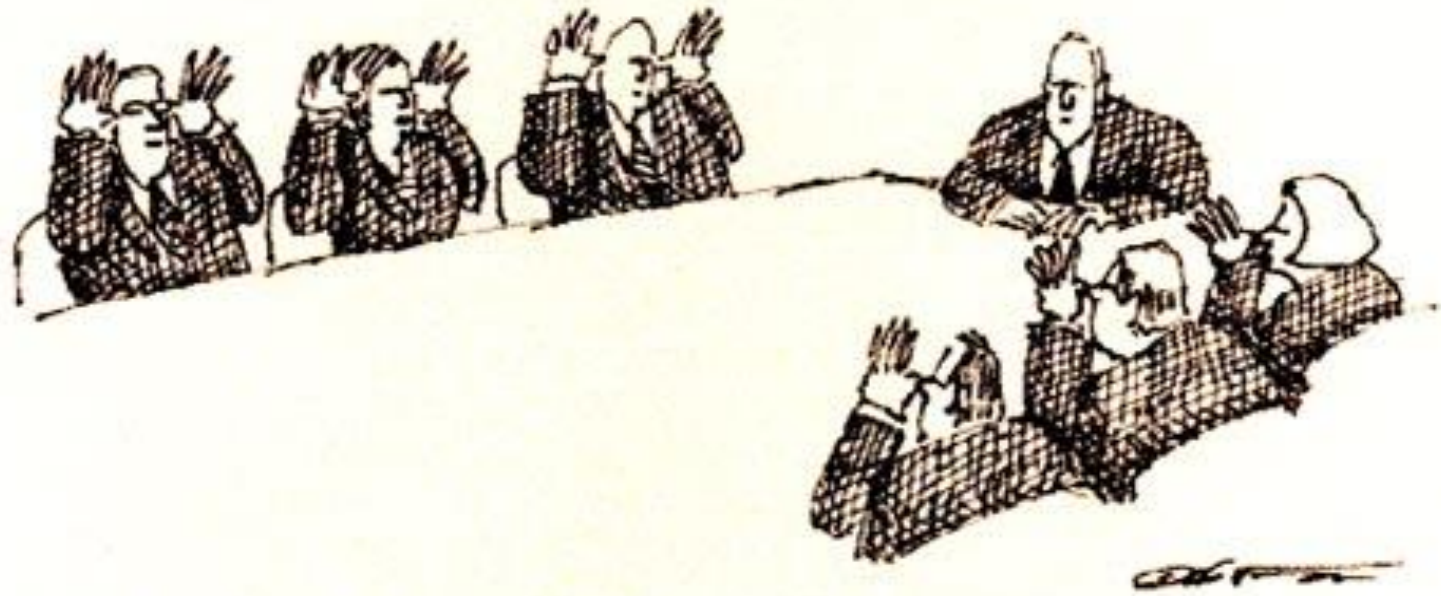
- Federal & Provincial Programs target LRT, Disaster Mitigation, Green Infra., Housing; roads are not funded. Less overall \$ available.
- Federal Priorities changing with economy, climate change & elections
- Provincial Priorities changing with elections...Alberta Budget
- Competitive – sell priorities & projects or others receive grant
- Municipal Priorities must fit Prov./Federal priorities & programs to have a chance of funding approval
- Big picture program requests getting priority – ACRP example
- Revenue sharing based on economy replacing allocation basis for grants – MSI example

Grants Landscape

- Funding programs increase Municipal portion - ICIP example with provincial share from MSI; Municipality funding 60%
- Funding changes can challenge muni. debt limits due to Provincial Cash flow move – LRT. Policy question.
- Delay on one project would cost \$75MM per year in increased costs. No relief for interest costs.
- Current 10 yr. ICIP trend is competitive, heavy reliance on metrics, alternative delivery methods, asset mgmt. plans, program vs projects.
- Application processes not well defined e.g. Yellowhead Tr. BCF-NIC Funding Case

City Grant Situation

- Over 40% of the City's capital program is dependent on grants.
- Addressing the City's substantial infrastructure needs will be contingent on grants in next budget cycle.
- Policy question arises as funding provider program doesn't fit our priorities. But municipality does not want to forsake the cost sharing.



The mediator sensed that the negotiations were in trouble.

Grants - Municipal Response

- Set goal: Maximize revenue
- Utilizing funding in a strategic way means aligning municipal priorities with Prov. & Fed. Priorities. More complex requirements.
- Alignment means municipal priorities must be clear and repeatedly reinforced. What program is key for your municipality & start aligning asset mgmt. decisions to it.
- Build high quality business cases for priorities
- Building relationships through advocacy is key

Grants - Municipal Response

- Demonstrate program/projects fit to funding providers goals via metrics, targets, cash flow
- Reporting is key after the agreement is signed – advocacy continues. Asset mgmt. focus.
- Implementation is more complex: oversight committees, bi-annual progress reports, financial and target forecasts, cash flow analysis, claims details, communications reporting, climate lens, aboriginal consultations, environmental permits...

**I'D SAY THE NEGOTIATIONS WENT MUCH
BETTER THAN EXPECTED.**

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BEDTIME WAS PUSHED BACK 10 MINUTES.


Grants Case 1

- **Yellowhead Trail NIC Application:**
 - no defined application process but found it through comm.'s on LRT grant,
 - economics developed from scratch,
 - engineering focus on costs & sub-projects,
 - required change to fit national importance screen,
 - NIC approval forced provincial \$,
 - program view beyond Edmonton fit federal criteria,
 - land cost not eligible: muni. portion over 1/3 forced policy re-think,
 - program level reporting forced: internal accounting change to consolidation of sub-projects, closer review of cost control & eligibility, communication of engineering & finance staff improved,
 - more productive relationship with INFC Canada.

Grant Case 2

- **Disaster Mitigation & Adaptation Fund**
- protections of water treatment plants fit federal mitigation goals,
- economics of area vs Edmonton alone key metric, downstream protection
- part of \$1.6B SIRP program plan supported by insurance co. data
- dry ponds ancillary benefit,
- City owned utility increased federal grant to 40% vs 25%,
- climate lens & aboriginal consultations key metrics & early qualifiers,
- EOI & full Application staged process, advocacy through INFC relationship
- contribution agreement complex: ultimate recipient agree. embedded,
- Provincial funding given due to DMAF approval & clarity of program level SIRP plan. Strategic focus increases advocacy & buy in; future grants.

Grants – What is Critical?

- Do not “leave grant money on the table (unspent)”
- Well managed programs/projects critical to getting more grants – creates grant provider confidence, again continuous advocacy
- Accurate & timely reporting, change needed?
- Policy  funding, business case, claims consistency
- Well defined & communicated infrastructure priorities – programs, projects & all funding

Grants – What is Critical?

- Know funding providers will make changes e.g. current ICIP changes
- Municipal priorities – programs & projects
- Clarity on funding strategies: municipal limits-abilities-options, e.g. grants vs debt, max. 33% for all Federal \$.
- Defined administrative solutions vs political initiatives/solutions. Requires planning & alignment. Is “political capital” an option? E.G. Valley Line LRT 33% vs 25%.
- Quantify Benefits: GHG Reductions, Reduce Congestion, Risk Avoidance – Disasters or Floods, Cost Reductions, Better Cash Flow, Land incl.,
- Report Benefits clearly, concisely, variance explanations, ready for remedial actions via Oversight Committee E.G. Metro LRT.
- Lead internal teams to deliver projects, add value to analysis, change is inevitable.
- Manage Funding Contracts internal & external, Metro LRT change in signal contractor is internal decision to deliver on contract with Province.
- Add value for grant providers through leading internal teams, delivering solutions, integrity of reporting.

Strategic Grant Funding

- City of Edmonton – Stewart
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 - The End

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