

Municipal Sustainability Initiative Program - Comparison to Original Commitments

This attachment provides a detailed history of Municipal Sustainability Initiative (MSI) Program grant payments committed and payments actually received, or anticipated to be received from 2022 to 2024.

Table 1

This is a summary of commitments under the original 2007-2016 MSI agreement and payments received to the end of 2021. It incorporates payments received under the Basic Municipal Transportation Grant (BMTG) from 2007 to 2021. The original MSI program was expected to end in 2016 with a total commitment estimated to be \$3,042.3 million, including BMTG (MSI component - \$2,071.5 million). At the end of 2016 the City had received \$2,353.9 million, including BMTG (MSI component - \$1,383.1 million), which was \$688.4 million less than estimated. The province extended the MSI program to the end of 2021 and continued to make payments under the program (in the 2021 provincial budget the program has been extended again to the end of 2023). At the end of 2021, the City received \$60.2 million less than originally committed. Extending the funding over a longer period of time also reduced the City's purchasing power.

For 2022 to 2024 commitments reflect MSI estimates based on an average of the last 10 years of commitments between 2012 and 2021. The average is lower as a result of the province extending MSI payments over 2017 to 2021. The expected commitment for 2022 to 2024 can vary depending on assumptions used. Payments for 2022 and 2024 are estimates based on the most recent 2021 provincial budget.

Table 2

This is a summary of estimates of payments from 2022 to 2024. The summary starts with annual payments based on a 10 year average commitment, and includes estimated funding committed under the City Charters, Local Government Fiscal Framework (LGFF) to the most recent 2021 provincial budget. With each iteration, the funding to the City has decreased.

Estimates are included to the end of 2024 to align with the forecast period of the 2021 provincial budget.

Table 1: MSI - Commitments and Payments - 2007-2021 (\$000s)						
Year	MSI		Commitments C = A+B	Payments (D)	Difference Increase/ (Decrease) (D-C)	
	MSI Capital (A)	BMTG (B)				
2007	43,474	89,000	132,474	132,474	-	
2008	91,796	113,326	205,122	205,129	7	
2009	111,174	85,544	196,718	157,406	(39,312)	
2010	260,726	80,000	340,726	241,482	(99,244)	
2011	260,726	102,000	362,726	266,611	(96,115)	
2012	260,726	97,000	357,726	264,015	(93,711)	
2013	260,726	97,840	358,566	268,270	(90,296)	
2014	260,726	100,963	361,689	270,928	(90,762)	
2015	260,726	105,299	366,025	282,841	(83,184)	
2016	260,726	99,773	360,499	264,762	(95,738)	
Subtotal- 2007-2016 (Original MSI term)	2,071,526	970,746	3,042,271	2,353,917	(688,354)	
2017		95,144	95,144	260,006	164,862	
2018		99,055	99,055	288,805	189,750	
2019		101,392	101,392	127,486	26,094	
2020		95,776	95,776	191,908	96,133	
2021		83,729	83,729	235,053	151,323	
Sub-total- 2017-2021	0	475,096	475,096	1,103,258	628,162	
Total- 2007-2021	2,071,526	1,445,841	3,517,367	3,457,175	(60,192)	
2022 Estimate			230,000	100,000	(130,000)	
2023 Estimate			230,000	100,000	(130,000)	
2024 Estimate			230,000	150,000	(80,000)	
Sub-total- 2022-2024	0	0	690,000	350,000	(340,000)	
Total- 2007-2024	2,071,526	1,445,841	4,207,367	3,807,175	(400,192)	

MSI - Comparison to Commitments

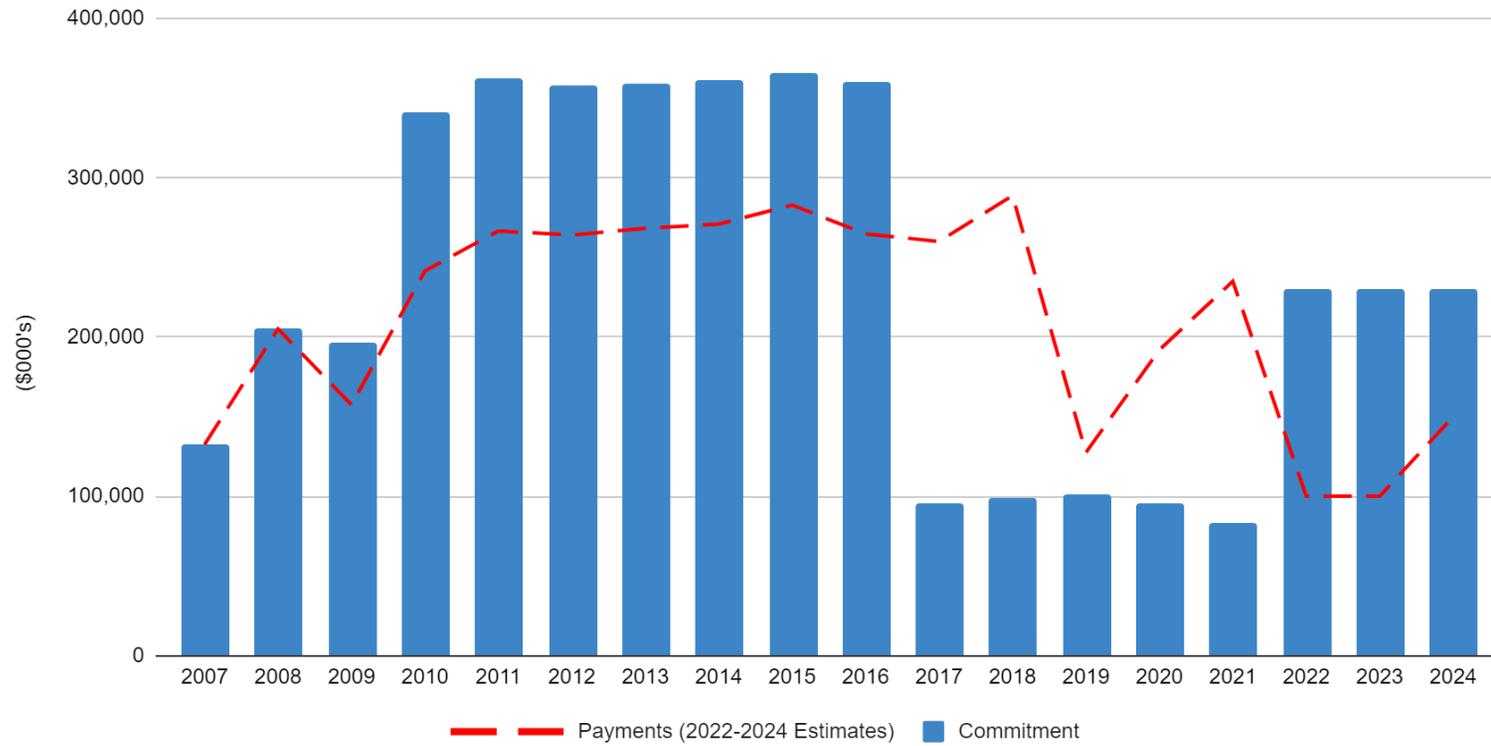
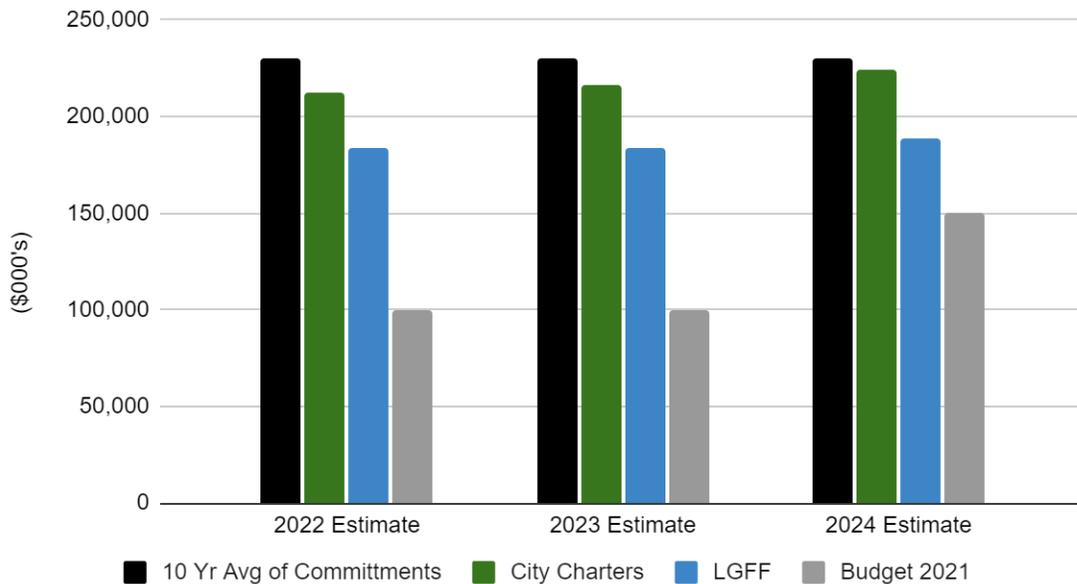


Table 2: MSI - Estimates - 2022-2024 (\$000s) (Note 1)				
	10 Yr Avg Commitment (2012-2021)	City Charters	LGFF	Budget 2021
2022 Estimate	230,000	212,630	183,410	100,000
2023 Estimate	230,000	216,707	183,410	100,000
2024 Estimate	230,000	224,631	188,546	150,000
Total	690,000	653,968	555,366	350,000
Annual Average	230,000	217,989	185,122	116,667

MSI Estimates - 2022-2024



Note 1:

10 year average commitment - This reflects the average commitments over the prior 10 years (2012-2021).

City Charters - With MSI planned to end in 2021, the City Charters Fiscal Framework was approved in 2018 as a replacement for the two big cities starting in 2022. Under the City Charters Fiscal Framework \$500 million in funding was

available specifically for Edmonton and Calgary. The \$500 million was allocated based on a revenue component (based on the original MSI formula) and a fuel component allocated to each city. The revenue component grew with provincial revenues starting at 50% of the growth in 2022 and increasing by five percent each year after that, reaching 100 percent in year 10. The fuel component also grew based on a fuel index factor that was linked to provincial fuel revenues based on a formula of 5 cents per liter allocated to the two cities based on a set percentage. Estimates include in the table above are based on information available during City Charter discussions in 2018.

Local Government Fiscal Framework (Original) - In 2019, the provincial government replaced the City Charters Fiscal Framework with the Local Government Fiscal Framework, which reduced the overall funding for Calgary and Edmonton to \$455 million. The annual growth in funding was limited to 50 percent of the growth of provincial revenues and the amount for the two cities was allocated using only the revenue component based on the original MSI formula. Using only one component of funding reduced Edmonton's proportional share of the combined funding.

Budget 2021 - On February 25, 2021 the province released its 2021 budget, which also reduced existing committed capital funding under LGFF. On March 11, 2021, Bill 56 - Local Measures Statutes Amendment Act, 2021, was introduced in the legislature, which would enable the changes introduced in the 2021 budget. The 2021 provincial budget deferred the LGFF to start in 2024, with overall funding for Calgary and Edmonton being reduced to \$382 million from \$455 million in the original LGFF commitment. In addition to LGFF being deferred by two years, MSI was extended for 2022 and 2023 at a reduced amount compared to funding expected under LGFF.