

Future Requests for Funding for Partner Facilities

Recommendation

That the June 14, 2021, Financial and Corporate Service report FCS00252, be received for information.

Previous Council/Committee Action

At the December 9, 2020, City Council meeting, the following motion was passed:

That Administration provide a report on proposed methods for the City to deal with future requests for funding for partner facilities capital support with the discontinuation of the current program.

Executive Summary

In the Fall 2020 Supplemental Budget Adjustment Council approved the discontinuance of the Community Facility Partner Capital Grant program, removing the remaining \$1.9 million in base tax levy funding support in 2021. In the absence of ongoing funding, this program was eliminated.

Future community group capital funding requests would need to be assessed and prioritized as they are received by Administration and brought forward through Council budget deliberations.

Administration reviewed and updated an Administrative Policy guiding Municipal Funding Arrangements effective March 2021. The Policy provides guidance and principles for municipal funding arrangements, including on the establishment of new grant programs and requirements for existing grant programs. Administrative procedures under development will codify internal guidance for other forms of municipal funding arrangement such as rebates or sponsorship. While this policy addresses the financial risks and responds to recent recommendations from the City Auditor, it does not replace Council prioritization and direction on what types of programs to fund and how to fund them.

In preparation for the 2023-2026 Operating Budget, Administration is implementing priority based budgeting, a methodology that evaluates services to determine the alignment with the goals and objectives of the City and aid in strategic resource

allocation decisions. Priority Based Budgeting will provide an opportunity for Administration to assess programs of this nature in the context of the 2023-2026 Operating Budget.

Report

Background

The Community Facility Partner Capital Grant program was developed to support partnerships, with not for profit and private organizations, that enhance public use facilities so Edmontonians can thrive in an active and attractive city. A dedicated funding source was established for this program, which was allocated to successful project proposals from organizations with a primary mandate in the following key sectors:

- Arts and Heritage
- Indigenous/ Aboriginal
- Multicultural
- Recreation/ Amateur Sport, and
- Social Services.

The program provided funding to support capital projects of the types listed below:

- Project Planning
- Life Cycle Replacement / Rehabilitation
- Enhance (Expansion / Redevelopment)
- Build New (Construction of a New Facility)

Funding was limited to no more than 33 percent of the total project costs and funding for Planning Projects was restricted to 50 percent of the total planning project costs. Operating costs were not eligible for funding.

The Community Facility Partner Capital Grant program was created to enable an intake and evaluation process for agencies to access capital dollars instead of Council dealing with individual, one-off requests. The application process included the submission of a business case and projects were evaluated based on established criteria, as well as the ability of the applicants to secure partner funding. The City provided a maximum of 50 percent towards planning projects and 33 percent towards construction projects. Agencies were required to provide the respective 50 percent or 67 percent matching funds, and often depended on City financing to leverage funding from other levels of government.

In recent years, Council granted exceptions to groups so they did not have to apply through the annual intake process for the Community Facility Partner Capital Grant, allocating funding to larger multi-year capital projects based on requests directly to Council. Such projects included the Francis Winspear Centre for Music facility expansion (\$9.3 million from 2015 to 2018) and Edmonton Public School Board's Dr.

Anne Anderson High School recreation facility in Heritage Valley (\$5.5 million from 2019 to 2021).

Attachment 1 provides a summary of the program for the last five years. The Community Facility Partner Capital Grant program had an annual budget of \$4.8 million and since 2015 was partially funded with \$2.9 million from the Traffic Safety & Automated Enforcement Reserve (TSAER). TSAER funding was to be phased out in 2021 and 2022, reducing the Grant's budget by 60 percent to the remaining \$1.9 million annual budget. However, the program was eliminated in 2021 with the passing of the Fall 2020 Supplementary Operating Budget Adjustment.

Given that the Community Facility Partner Capital Grant program was typically over-subscribed and not sufficient to support larger, multi-year capital partnership projects, the ability to sustain the grant program at this reduced funding level was deemed not to be feasible.

Updated Policy/Procedures

Administration recently updated administrative guidance on Municipal Funding Arrangements, which now requires the City consider the following for municipal funding:

- Whether funding arrangements are aligned with the City's strategic plans and stated corporate outcomes
- The financial, reputational or other risks of entering a funding arrangement,
- And for grants specifically,
 - A recipient's history of fulfilling their obligations to the City; and
 - The recipient's financial position includes a review of their financial statements.

The guidance ensures that amounts paid to organizations are done in a manner that achieves effective spending and the intended outcome.

Administration is also reviewing and updating Administrative Procedures of Grants and Other City Contributions. The individual procedures include, but are not limited to, grants, sponsorship and rebates. The procedure update is looking at how many organizations are applying for particular programs and able to access the funding based on the eligibility requirements or conditions attached.

With the discontinuation of the Community Facility Partner Capital Grant program, City Policy C562 Community Facility Partner Capital Grant is no longer applicable.

2023-2026 Budget Preparation

In preparation for the 2023-2026 Operating Budget, Administration is implementing priority based budgeting - a methodology that evaluates services to determine the alignment with the goals and objectives of the City and aid in strategic resource allocation decisions. The work of priority based budgeting includes determining opportunities to reallocate resources, maximize new revenue opportunities and identify opportunities for different service delivery methods. Priority based budgeting will provide an opportunity for Administration to assess programs of this nature in the context of the 2023-2026 Operating Budget.

In advance of the 2023-2026 Operating Budget, Administration is analyzing funding arrangements including grant programs and partnership funding in the context of priority based budgeting. Administration is also identifying and analyzing the various types of financial support provided to community organizations including non-monetary support such as the provision of land, access to buildings, and below market rental arrangements. In order to ensure consistency and transparency in municipal funding arrangements, Administration is analyzing both the value of these arrangements and the ability of the arrangements to achieve their intended outcomes.

The priority based budgeting process may provide an opportunity to identify a reallocation of funding to programs like the Community Facility Partner Capital Grant where it is deemed to be an efficient means of achieving the corporation's goals and outcomes. Without an approved funding source and a grant program, Administration has no financial authority to approve funding for facility enhancements. This means, for now, funding requests will need to be addressed in an ad hoc manner through proposals brought forward to Council, with an identified funding source. Funding one-off requests outside of a comprehensive evaluation can lead to issues of fairness and set unintended expectations around financial support for future partnership opportunities. Pending the completion of the priority based budgeting process and the 2023-2026 operating budget, careful consideration should be given for funding requests outside an approved grant program or outside the budgetary process. Organizations seeking funding can be directed to other provincial programs that continue to be available.

Provincial Programs

The Community Facility Enhancement Program (CFEP) continues to be available to the community. CFEP is offered by the Government of Alberta to provide financial assistance to acquire, build, purchase, repair, renovate, upgrade or expand sports, recreational, cultural or other related public-use community facilities. CFEP has two funding streams: CFEP Small Funding stream maximum funding request is \$125,000. Organizations may be considered for up to \$10,000 non-matching funding. The CFEP Large Funding stream is for projects requesting over \$125,001 and up to \$1.0 million. CFEP funding is only approved on a matching basis. The applicant must contribute an

amount equal to, or exceeding, the CFEP grant request towards the expenses of the project.

In the provincial budget, the Community Facility Enhancement Program (CFEP) was reduced from \$25.0 million in 2020 to \$18.5 million in 2021. The CFEP budget has seen a \$19.5 million reduction in funding from 2018 to 2021. The CFEP is scheduled to rise to \$24.0 million in 2022/23 and 2023/24. Although there was a 26 percent decrease to CFEP between 2020 and 2021, this decrease was tied to an 88 percent increase to the Community Initiatives Program (CIP).

The Community Initiatives Program (CIP) is a provincial grant matching program which provides funding for organizations to create opportunities for Albertans to engage with and help develop their communities. CIP funding supports operations under three distinct funding streams: project-based, operating, and major cultural and sport events.

This shift in funding between the CEFP and CIP program means fewer funds, including matching funds, for communities to upgrade, renovate, build or acquire public-use facilities, which affects the City’s partners. Capital equipment grant requests can be accessed through the CIP project stream.

Corporate Outcomes and Performance Management

Corporate Outcome(s): The City of Edmonton has a resilient financial position			
Outcome(s)	Measure(s)	Result(s)	Target(s)
The City of Edmonton has a resilient financial position.	Budget adjustments result in the same or lower approved tax rate increase.	TBD	0% (2021)

Attachments

1. Summary of Funding - Community Facility Partnership Grant Funding

Others Reviewing this Report

- C. Owen, Deputy City Manager, Communications and Engagement
- A. Laughlin, Deputy City Manager, Integrated Infrastructure Services
- R. Smyth, Deputy City Manager, Citizen Services
- S. McCabe, Deputy City Manager, Urban Planning and Economy
- K. Fallis-Howell, Acting City Solicitor