

December 15, 2023

Dear Chief Elected Officials:

The Alberta government recognizes local infrastructure is critical to Albertans and to supporting the province's economy, and we are committed to providing predictable, long-term infrastructure funding for all communities. As part of this commitment, I am pleased to announce the launch of the Local Government Fiscal Framework (LGFF) program, which will enable municipalities and Metis Settlements to build infrastructure and serve their communities more effectively.

With LGFF capital funding starting at \$722 million in 2024, the LGFF strikes a fair balance between predictable funding for communities and fiscal responsibility for government. To ensure no community experiences a year-over-year decrease from capital funding allocated under the Municipal Sustainability Initiative (MSI) in 2023, top-up funding will be available for affected communities as part of the transition to the LGFF in 2024. In addition to the legislated LGFF capital funding, based on *Budget 2023* targets and subject to Budget 2024 approval, local governments will have access to \$60 million in LGFF operating funding.

LGFF capital funding in future years will reflect the percentage change in provincial revenues from three years prior. This means in 2025, Alberta communities will receive \$820 million, an increase of nearly 14 per cent, in accordance with growth in provincial revenues between 2021/22 and 2022/23.

For local governments other than Calgary and Edmonton, the LGFF includes a new allocation formula that is substantially different than the one used under the MSI. While the new allocation formula has a greater focus on communities with limited local assessment bases, the formula was chosen to balance the needs of all types of communities – small and large, rural and urban – over the long term. In keeping with our commitment for predictable funding, 2024 and 2025 LGFF capital allocations for all local governments are now available on the program website (www.alberta.ca/local-government-fiscal-framework-capital-funding), to help you plan for the use of this funding. The website also includes a description of the new funding formula.


Last year, we heard through the online survey on the program design that local governments were highly satisfied with how the MSI has been administered. I am pleased to confirm the delivery of the new program will be largely similar to the MSI. While there are some changes to the LGFF capital component when compared to the MSI, we feel strongly these changes will improve the program for local governments and Alberta taxpayers alike. Additional information on the program design will be provided in an email to chief administrative officers, which they should receive shortly.

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In addition, estimated 2024 LGFF operating allocations, subject to approval in Budget 2024, are available on the program website (www.alberta.ca/local-government-fiscal-framework-operating-funding). The allocations will not change from what local governments received in 2023. LGFF operating guidelines will be available in 2024.

I am grateful for your council's work and the work of Alberta Municipalities, Rural Municipalities of Alberta, and the Metis Settlements General Council to help develop the LGFF program and allocation formula. I look forward to working with you to ensure your local infrastructure and operating needs continue to be supported as we grow and strengthen Alberta's economy.

Sincerely,

A handwritten signature in black ink that reads "Ric McIver". The signature is written in a cursive, flowing style.

Ric McIver
Minister

cc: Chief Administrative Officers