

Funding Formula Overview	Policy	F1
	Effective Date	April 2002
	Revision Date	November 2021
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What is the policy?

The Local Government Services Program (LGSP) provides funding to communities through the annual funding schedules based on a standard funding formula. The funding formula was developed from a review of existing infrastructure and services, industry standards and remoteness/geographic factors. The information was used to determine requirements for sustainable municipal services in communities. The funding formula includes an administrative and operational component and a maintenance component known as the maintenance cost analysis or MCA (see Appendix F1-A MCA Spreadsheet for a sample). Requests for MCA funding adjustments must be submitted to the regional office by June 1 each year. Communities conduct an MCA review between January 1 to May 31 each year.

All communities are funded through the LGSP to which this policy is applicable. Interim-Level and settlements are LGSP funded with a few exceptions (see Appendix F1-B Funding Exceptions for Interim-Level and Settlements). These exceptions assist the department to identify areas in which it can help these communities successfully deliver their mandates. It also enables the department to meet its obligation as a steward of public funds. In calculating costs for LGSP funding, the following information applies, as well as relevant information from the department respecting community budgets.

Administrative and operational component

- Administration
- Administration costs, including salaries, are calculated as a percentage of total operating costs based on the following table:

40% if self-administering status*
30% if population is 100 or less
25% if population is between 101 and 300
20% if population is 301 or over

*Dallas/Red Rose, Dauphin River, Dawson Bay, Fisher Bay, Harwill, Homebrook, Rock Ridge, Spence Lake.

The dollar amount is obtained by applying the appropriate percentage to the sum of the totals for operation and maintenance (excluding 50/50 and rural roads) and program areas, ex. public works, fire, etc.

Administration costs for programs not listed above are not calculated in the formula. The community must identify these situations for consideration by the department.

- Cost for administrative staff development and remoteness allowance (if eligible) are calculated separately and added where approved.
- The department funds an honorarium supplement based on the regulation rate increases approved in 2001 and 2007 (see Appendix FI-C Honorarium Supplement).
- An administrative supplement for incorporation in the amount of \$10,000 is provided to incorporated communities. If the population is less than 100, the amount provided is \$5,000.
- The department funds an administrative wage supplement based on the salary rate increases (see Policy F9 Community Employees).
- Public Works
 - Funding for public works salaries are identified separately from the MCA component and calculated at the salary rate for that category for the approved number of employees (person years) which is determined from the MCA spreadsheet rounded to the nearest 0.5.
 - Where person years are equal to one, a salary supplemental amount is included to cover a backup operator for one month at 160 hours at \$20.99 per hour plus 15 per cent employer costs. Where person years are equal to 0.5, then 50 per cent of the amount is funded.
 - Person years is not rounded for settlements and the following communities: Dallas/Red Rose, Dauphin River, Dawson Bay, Fisher Bay, Harwill, Homebrook, Rock Ridge and Spence Lake. A rate of \$18.262 per hour is applied for contract labour.
 - The department funds a water and wastewater certification/training supplement based on the type of water and wastewater treatment and water distribution and wastewater collection in the community (see Appendix FI-D Water and Wastewater Schedule).
 - Where the council provides a service, but does not have employees for the maintenance of that service, casual or contract costs may be permitted under LGSP funding. Additional person years will not be included.
 - The council is encouraged to identify situations that may not appear to fit these rules and discuss with the department.
- Environmental Services
 - Most communities include person years for environmental services under public works.

- Protective Services

Community Safety Officer

- Communities eligible for the community safety officer program (see Appendix F1-E Communities Funded for Community Safety Officer) are allocated a salary amount according to the salary rate (see Policy F9 Community Employees) and equipment allocation of \$1,000.

Fire Protection

- Funding for local fire training is based on the following response groups (see Appendix F1-F Fire Program Response Groups):
 - **Public Education and Fire Prevention Response Group:** \$336 = (1 person x \$14 per hour x 24 hours) is provided for general operations or training in CPR and First Aid.

Communities in the next two response groups are funded for one fire chief (and deputy fire chief for offensive) at \$1,173 = (\$17 per hour x 60 hours x 15% employer costs) plus each firefighter at \$966 = (\$14 per hour x 60 hours x 15% employer costs) for the number identified. In addition, for public education and fire prevention at a rate of \$816 = (\$17 per hour x 48 hours) for defensive and \$1,020 = (\$17 per hour x 60 hours) for offensive:

- **Defensive Fire Response Group:** fire chief, seven firefighters, public education and fire prevention.
- **Offensive Fire Response Group:** fire chief, deputy fire chief, 10 firefighters, public education and fire prevention.
- Additional Fire Program Support:
 - Fire departments in the defensive and offensive response groups are funded for one person designated by the council or the fire department to maintain the fire equipment at \$3,109.60 = (208 hours x \$13 per hour x 15% employer costs).
 - A monthly honorarium of \$50 is funded for the fire chief.

Emergency Services

- The following funds are provided to support 911 service in each community, where applicable:
 - \$500 for a dedicated 911 phone line, where one exists.
 - \$4.60 per capita using Stats Canada census number, if licensed to use the Public Safety Answering Point (PSAP).
 - A monthly honorarium of \$50 is funded for the emergency coordinator.

- Recreation Services

- Communities with a population of 300 or more are allocated a salary amount according to the salary scale (see Policy F9 Community

Employees), plus \$2,500 program costs and a travel cost of \$2,000 if the employee is serving more than one community.

- Communities with a population between 75 and 299 are eligible for per capita funding of \$100. Remote communities (without all weather road access) are eligible for an additional \$2,500. This does not apply to a community in a recreation grouping.
- Communities with a population under 75 are not eligible for recreation funding.
- Staff Development
 - A staff training allowance has been allocated for community employees. The allowance covers training costs for professional development up to \$600 per eligible employee plus a travel allowance equivalent to the cost of one return trip to Winnipeg (includes meals/miscellaneous costs for five days). The **maximum** amount is based on the number of eligible community employees (see Appendix F1-G Staff Development Cost Calculations).
 - For **administration**, the amount funded is for one employee, in most cases. Some larger communities are funded for a maximum of two employees. This is determined by a review of the number of existing employees upon implementation of the LGSP funding and on a community by community basis. Funding may be used where required (ex: Sage 50 training).
 - For **community safety officer**, the amount funded is for the eligible full-time employee. Funding may be used as required (ex: First Aid renewal, presentation skills, security guard course).
 - For **public works**, the amount funded is for one eligible employee, in most cases. Some communities are funded for two employees, if the person years determined by the MCA is greater than 1.5. Funding may be used where required (ex: small equipment repair training).
 - For **recreation**, the amount funded is for the eligible full-time employee. Funding may be used as required, however it is expected that the employee will, at the very least, participate in relevant recreation training events and/or the Recreation Connections Manitoba annual conference.
 - For **emergencies**, the amount funded is for the emergency coordinator to attend the one time mandatory training. Once trained, funding can be used for other training opportunities or to pay as wages when responding to emergencies.

- Audits
 - The amount funded is based on the lowest 2014 audit quote.
- Insurance and Legal Fees (**For Incorporated Communities**)
 - Insurance cost is based on the estimate from the Municipal General Insurance Program. A legal expense allocation of \$5,000 is funded. Unused funds must be set aside in a reserve fund for future costs.
- Remoteness Allowance
 - For eligible communities, remoteness allowance has been applied based on the eligible number of employees. The number of eligible employees is determined from the funded full and part-time employees in the community (person years are used for public works employees as calculated from the MCA).
 - The allowance is based on the principles of the government model per the Manitoba Government Employees Union Collective Agreement using the dependent rate recorded as of March 23, 2013 plus 2.75% (increase applied April 1, 2014) (see Policy F9 Community Employees).
 - Remoteness allowance does not apply to casual employees and part-time employees working less than 20 hours per week (qualification is dependent on a minimum of four hours per day).
- General Salary
 - Salaries are funded according to the employee salary scale for community employees based on the maximum rate plus 15 per cent employer costs. The salary rate increases in effect from October 1, 2007 to date is provided as a wage supplement (excluding the community safety officer) for LGSP funded positions (see Policy F9 Community Employees).
- Local Input
 - The community's locally generated revenue (LGR) contribution is calculated at 20 per cent of total community expenditures (excluding 50/50 cost share and rural roads).
 - The municipal operating grant is calculated using the official Stats Canada census number and the per capita rate set by the Manitoba government. The per capita rate used is updated every three years to coincide with the current rate.

MCA component

These notes apply to the formulas used in the MCA spreadsheet to calculate the MCA component.

Column 1 Asset – list of all the physical community assets eligible for funding.

- Column 2 Identification Number – number assigned to some assets as part of the department/community inventory process.
- Column 3 Size – physical dimensions of the community asset. Dimension standards are as follows:
- building - square meters (sq m)
 - road - kilometers (km)
 - waste disposal site/recreation grounds - hectares (ha)
 - bridge - meters (M)
 - wastewater and water mains - kilometers (km)
 - lagoon - cubic meters (cu m)
 - streetlights - number of
- Column 4 Usage – indicates the number of kilowatt-hours (kwh) used by the structure. This amount can be determined from a record of the hydro consumption received by the community, on average over a specified period of time, normally three years.
- streetlights are funded based on \$125 per streetlight
- Column 5 Hydro – two rates exist (cost per kwh):
- a) generated power (by local hydro diesel generators) at \$2.27
 - b) line power at \$0.0876
- Column 6 Frequency of Cleaning – standard applied to determine cleaning cost (number of times the area is cleaned) depending on type of structure.
- | <u>Structure</u> | <u>Factor</u> |
|---|---------------|
| Fire hall/Garage/Warehouse/Change house/Curling rinks/
Recreation buildings/Rinks/Standpipes/Lift stations | 13 |
| Community hall/Water Treatment Plant (WTP)/
Wastewater Treatment Plant (WWTP) | 52 |
| Administration | 260 |
| Arena: with ice plant or without ice plant | 160 or 80 |
- Column 7 Cleaning – calculated based on the area of the building divided by 100 to determine the number of squares for cleaning purposes then multiplied by the frequency of cleaning factor and the hourly labour rate of \$14.806 to obtain cleaning allowance. Arenas are funded at 10 per cent of this amount as the standard to accommodate area other than ice surface.
- Column 8 Chemicals – WTPs and WWTPs may require chemicals, dependent upon the type of processing used in the plant. A base amount of \$300 per plant is allowed. Some larger communities may require some increase due to the volumes being processed by the plant. This needs to be verified against community data, including water consumption figures.

Column 9 Labour – the labour calculation provides the allowance and correction factors for adjusting the labour component when there is full-time public works employees who maintain the asset. The hourly rate used, including overhead, is \$14.806.

- All buildings are calculated at one hour per week per 100 sq m of the building area multiplied by the hourly rate. Exception: Cold storage warehouses are funded at 25 per cent, arenas with ice plants at 50 per cent and arenas without ice plants at 30 per cent of the labour formula.
- These assets receive the following additional hours per week for the required operation of the water and wastewater processes contained in these buildings, ex: time required for testing, etc.:

Hours per Week

- WTP (based on type of plant):

<u>Classification</u>	
1 = Pressure filtration	7
2 = Pressure filtration and softener	8.75
3 = Reverse osmosis or Reox	10.5
4 = Chemical	14
5 = Chemical w/SCADA	20
- WWTP
- WWTP (Extended Aeration)
- Lift station

- Wastewater lagoon – 12 hours per week for 13 weeks x hourly rate.
- Water/wastewater mains – 1 hour per week for 52 weeks x hourly rate.
- Water and/or wastewater trucks – varies by community depending on size and use of vehicle.
- Labour for solid waste pickup once per week is determined by using the population of the community x 440 cubic feet (cu ft) per year to estimate total solid waste production. Divided by the total cu ft of the box size to determine number of trips required per year to transport material to the waste disposal site. The number of trips per year is multiplied by 52 weeks and the hourly rate.
 - For example, if population is 400 the calculation is:
 - Standard box size 208 cu ft
 - $(400 \times 440)/208/52 = \# \text{ of trips to site}$
 - $\# \text{ trips} \times 52 \text{ weeks} \times \text{hourly rate}$
- Funding for communities that do not have waste disposal sites and are required to transport solid waste from their community to a regional

site is applied based on a once per week trip at \$0.80/km or \$0.20/km where the community is funded for a solid waste truck.

- Recreation grounds are calculated by the number of hours required to maintain grounds allowing two hours per hectare x 12 cuts and allowing 12 hours to maintain equipment. Using total hours at the hourly rate. Outdoor rinks are calculated using 100 hours per year x hourly rate for all activities (includes ice painting, repairs, flooding, lights).

Column 10 Maintenance – covers items related to maintaining specific assets.

- Vehicles – the time required to obtain roadworthiness inspection certificates where required and to do routine tasks, ex: battery, tires, lights, etc. Based on historical costs prior to LGSP funding.
 - Fire trucks include an additional amount for inspection of installed equipment at \$2,400 for North of 53 and \$2,000 for South of 53.
 - Community safety officer vehicles are allocated \$2,000 (includes \$500 radio cost).
- Wastewater lagoons – 50 per cent of labour amount allocated for repairing fences, ramps, chutes, etc.
- Water/wastewater mains – 50 per cent of labour amount.
- Waste disposal site – cost for clean up and covering of \$5,500.
- Buildings – maintenance of doors, windows, flashing, etc. calculated at 50 per cent of Column 9 – Labour, excluding cold storage warehouses which are funded at 25 per cent. In addition, WWTPs with remote monitoring, receive costs to cover the monthly report, helpline and semi-annual visit.
- Docks – \$500 per year (only applicable if no all weather road available and dock is community operated).
- Wet well – \$2,000 per year.

Note: This note applies to columns 11 to 13. 50/50 roads are calculated at 50 per cent of the road costs due to cost sharing. Limited use resource roads are also calculated at 50 per cent. A road classified as both 50/50 and limited use, is calculated at 25 per cent.

Column 11 Gravel – this amount is based on 45 cubic yards (60 tons) per year per kilometer. Gravel cost varies for each community, ranging from \$10 up to \$60 per cubic yard. Where gravel cannot be easily obtained yearly or must be crushed, a gravel stockpile may be created with the funding put into a reserve

fund for the next crushing. Revenue from the sale of gravel must go into the reserve fund. A further factor is applied of 1.5 for high volume sections of road, referring to main routes only (not residential streets) which are prone to increased traffic as a result of constant wear and tear from service trucks (> 1 ton) and neighboring reserve traffic requiring access as the only means.

- Site supervision for waste disposal sites is included under this column and funded as follows:

Population	Hours per Week	Rate per hour	Amount
Up to 150	8	\$14.375	\$5,980
151 to 300	12	\$14.375	\$8,970
Over 300	16	\$14.375	\$11,960

Column 12 Grading – is calculated on the basis of \$30 per kilometer x the number of times the road is graded (20 passes per year). For roads with a low volume of traffic, a lesser number of passes per year may be used as the standard.

Column 13 Ditching – ditching is based on both sides of the road being completed once every five years at a cost of \$3,280 per kilometer. The funding allows for 20 per cent of the total distance every year.

- Funds provided in ditching are sufficient to cover calcium chloride costs.

Column 14 Fire Equipment – each fire department in the defensive response group is provided an amount of \$3,200 and the offensive response group an amount of \$4,800 to obtain turnout gear, equipment, supplies, tools, etc. based on a 10 year replacement cycle. Any portion of funding not used in a year must be put into a reserve fund towards future years.

- The Waste Reduction and Recycling Support (WRARS) levy included under this column is the annual levy total calculated on a per ton average per capita: Total Population x 0.66 ton x \$10. Payment is due from council to Manitoba Conservation and Climate twice per year by July 30 and January 30 as per the amount invoiced to the community. The official Stats Canada census number is used for population.

Column 15 Frequency of Painting – every number of years required for a building (three, five or seven) depending on structure.

Column 16 Painting

- Interior – based on (a) the square root of the floor area x length of wall surfaces x height plus (b) floor area divided by 10 x cost of painting 10 square meters for two coats divided by frequency of painting.

- Exterior – square root of the floor area x length of the wall surfaces x height of the wall divided by 10 x cost of painting 10 square meters - 2 coats per frequency of painting. Note: All cold storage warehouses are funded for exterior painting only. Any portion of the funding not used in a year could be held in an operating reserve fund towards future years.

Column 17 Fuel – fuel costs depend upon size and use of vehicle, or if used for building heating purposes the actual cost of fuel and/or fuel haul. Historic information from the community is compared against industry standards for various vehicles and/or furnaces.

- Calculated using estimated quantity of fuel required against known fuel costs.
- Fuel for community safety officer vehicles is provided based on community size, location and area served as follows: \$936, \$1,300 or \$2,600.

Column 18 Replacement – major equipment items have a pre-determined lifetime. The cost of vehicle replacements and major equipment is divided by that lifetime and an amount provided annually to be set aside in a reserve fund towards future replacement.

- Pumps used in WTPs and WWTPs provide for replacement on a seven year cycle.
- Waste disposal site – an amount for development of a new cell at minimum every four years, but dependent upon life of the current cell of \$4,500.
- Vehicles – in accordance with the vehicle replacement guidelines (see Appendix F10-A Vehicle Replacement Guideline).

Column 19 Water Breaks – allow for one break per year at a standard cost of South of 53 \$1,250 and North of 53 \$1,500 and multiplied by a factor for communities with very old or substandard systems, as follows:

- a) 1 = new infrastructure 1 to 10 years
 - b) 2 = within lifespan 11 to 25 years
 - c) 3 = old system (critical) over 25 years
- This is determined from past experience in the community. As the system is replaced, the multiplication factor would reduce towards one. In addition, an adjustment is made for deep bury (> 12') per dig of \$2,500 North of 53 and \$1,500 South of 53. The standard bury is 8' to 12'. A remoteness factor of two is applied for fly-in communities North of 53.

Column 20 Testing – this is an allowance to cover cost of water and wastewater testing and shipping samples to the laboratory for required tests. Shipping costs vary according to community location and methods available to the community.

- Water testing is \$390 = (26 x \$15 per test) plus bi-monthly shipping cost. In addition, the Trihalomethane (THM) sampling cost of \$340 is included (where required) to cover the \$680 test required every other year by the Office of Drinking Water (ODW). The full amount is provided if ODW stipulates the test be done annually.
- Wastewater testing is \$2,076, plus monthly shipping costs.
- Wastewater lagoon testing is \$820 per year.

Column 21 Insurance – cost for vehicles only based on a \$1,000 flat rate, excluding fire trucks and tractors which require a licence only and the community safety officer vehicles due to being leased. The public liability insurance coverage to be paid by the communities is up to the \$200,000 value. The department coverage takes over above this figure (see Policy G12 Property and Vehicle Insurance).

Column 22 Total – add up the horizontal and vertical totals. The sum of the totals should cross balance.

Other information

- Appendix F1-A MCA Spreadsheet
- Appendix F1-B Funding Exceptions for Interim-Level and Settlements
- Appendix F1-C Honorarium Supplement
- Appendix F1-D Water and Wastewater Schedule
- Appendix F1-E Communities Funded for Community Safety Officer
- Appendix F1-F Fire Program Response Groups
- Appendix F1-G Staff Development Cost Calculations