

Funding Formula Overview	Policy	F1
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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 developed from a review of existing infrastructure and services, industry standards and remoteness/geographic factors. This information determined the requirements for sustainable community services. 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 Sheet for a sample). Requests for LGSP funding adjustments must be submitted to the Northern Affairs Branch regional office by June 1 each year. Communities conduct a funding 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 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 the total funding required based on the following:

45% if under \$75,000
35% if over \$75,000 and up to \$150,000
30% if over \$150,000 and up to \$300,000
25% if over \$300,000

The administration component is obtained by applying the appropriate percentage to the sum of the total funding required for operations and maintenance (excluding 50/50 and rural roads). Where the administration per cent applied on the funding schedule is higher than indicated, it will be monitored and adjusted downwards accordingly through a phased approach.

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

- Costs for administrative staff development and remoteness allowance (if eligible) are calculated separately and added where approved.
- 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.
- Public Works
 - Funding for public works salaries are identified separately from the MCA component. It is calculated at the salary rate for that category for the approved number of employees (person years) as determined from the MCA sheet rounded to the nearest 0.5.
 - Where person years are equal to one, a salary supplement amount is included to cover a backup operator for one month: 160 hours at \$23.55 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 \$27.08 per hour is applied for contract labour.
 - The department funds a water and wastewater certification supplement for the primary and backup operator. This is based on the type of water and wastewater treatment and water distribution and wastewater collection in the community (see Appendix F1-C Water and Wastewater Schedule).
 - Where 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.
 - 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
 - Fire Protection
 - Funding for local fire training is based on the following three response groups (see Appendix F1-D Fire Program Response Groups):

1. **Public Education and Fire Prevention Response Group (PEFP):** \$604.11 = (1 person x \$20.70 per hour x 29.184 hours) for general operations or training in CPR/First Aid.

Communities in the next two response groups are funded for:

- a fire chief (plus a deputy fire chief for offensive) at \$1,899.59 = (1 person x \$22.64 per hour x 72.96 hours x 15% employer costs)
 - each firefighter at \$1,736.81 = (\$20.70 per hour x 72.96 hours x 15% employer costs) for number identified
 - PEFP at \$1,321.45 = (1 person x \$22.64 per hour x 58.368 hours) for defensive or \$1,651.81 = (1 person x \$22.64 per hour x 72.96 hours) for offensive
2. **Defensive Fire Response Group:** \$15,378.73 = fire chief \$1,899.59, seven firefighters \$12,157.69 and PEFP \$1,321.45.
 3. **Offensive Fire Response Group:** \$22,819.12 = fire chief \$1,899.59, deputy fire chief \$1,899.59, 10 firefighters \$17,368.13 and PEFP \$1,651.81.
- Additional Fire Program Support:
 - Fire departments in the defensive and offensive response groups are funded for one person designated by council or the fire department to maintain the fire equipment at \$4,951.44 = (208 hours x \$20.70 per hour x 15% employer costs).
 - A monthly honorarium of \$50 is funded for the fire chief.

Emergency Services

- Funds provided to support 911 service in each community, where applicable, are as follows:
 - \$500 for a dedicated 911 phone line (where one exists)
 - \$4.88 per capita 911 service fee using Stats Canada census number (if licensed to use 911 service)
 - \$50 monthly honorarium 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. This does not apply to a community in a recreation grouping. Remote communities (without all weather road access) are eligible for an additional \$2,500.
 - Communities with a population under 75 are not eligible for recreation funding.

- Staff Development
 - A staff training allowance has been allocated for community employees (see Appendix F1-E Staff Development Cost Calculations). 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 funded is based on the number of eligible community employees.
 - For **administration**, one employee, in most cases (see Policy F9 Community Employees) and in some larger communities 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 **public works**, 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**, one for the eligible full-time employee. Funding may be used as required, however it is expected the employee will, at the very least, participate in relevant recreation training events and/or the annual Recreation Manitoba Connect conference.
 - For **emergencies**, 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**)
 - Initial insurance cost for incorporating communities is based on the estimate from the Municipal General Insurance Program and for incorporated communities the 2022/23 premium adjusted for the rebate premium and items not MCA funded.
 - 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 is applied based on the eligible number of employees. The number of eligible employees is determined from the funded full-time and part-time employees in the community (person years are used for public works employees (PWEs) as calculated from the MCA sheet).
 - 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 12.2% (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 for LGSP funded positions are funded according to the employee salary scale for community employees based on the maximum rate plus 15 per cent employer costs (see Policy F9 Community Employees).
- Department Input
- The department's contribution is calculated at 80 per cent of the determined total funding required (plus 50/50 cost share and rural roads at 100%).

MCA component

These notes apply to the formulas used in the MCA sheet 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:

- buildings – square meters (sq m)
- roads, wastewater and water mains – kilometers (km)
- waste disposal sites/recreation grounds – hectares (ha)
- bridges – meters (M)
- lagoons – 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 includes service fees):
a) generated power (by local hydro diesel generators) at \$2.27
b) line power at \$0.10623

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 Rink/Recreation Building/Rink/ Standpipe/Lift Station	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 \$17.825 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 – this calculation provides the allowance and correction factors for adjusting the labour component when there is full-time PWEs who maintain the asset. The hourly rate used, including overhead, is \$17.825 plus a northern multiplier applied based on location (see Appendix F1-F Northern Multiplier).

- 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.
- The following assets receive additional hours per week for the required operation of the water and wastewater processes contained in these buildings, ex: time required for testing, etc.:

	<u>Hours per Week</u>
• WTP (based on type of plant)	Ranges between 7 and 33
• WWTP (varies by plant)	Ranges between 7 and 26
• Lift Station	2
• Wastewater Lagoon – 12 hours per week for 13 weeks (North) and 20 weeks (South) 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
 $(400 \times 440)/208/52 = \# \text{ of trips to site}$
 $\# \text{ trips} \times 52 \text{ weeks} \times \text{hourly rate}$
- Site supervision for waste disposal sites and transfer stations is based on the population and hours per week as follows times hourly rate:

Population	Hours per Week
Up to 150	8
151 to 300	12
Over 300	16
- 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 funded for a solid waste truck).
- Recreation grounds are calculated by the number of hours required to maintain grounds allowing two hours per ha 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 the required inspection of installed equipment at \$2,400 for North of 53 and \$2,000 for South of 53.
 - Wastewater Lagoons – 50 per cent of labour amount allocated for repairing fences, ramps, chutes, etc.
 - Water/wastewater Mains and Wet Wells – 50 per cent of labour amount.
 - Waste Disposal Sites – cost for clean-up and covering at a flat rate of \$5,500 plus the northern multiplier.
 - Transfer Stations – cost for clean-up of up to \$3,000 plus the northern multiplier.
 - Buildings – maintenance of doors, windows, flashing, etc.

calculated at 50 per cent of labour amount, excluding cold storage warehouses which are funded at 25 per cent.

- Docks – \$500 plus the northern multiplier (only funded if no all-weather road available and dock is community operated).
- Water Reservoirs – up to \$2,000 plus the northern multiplier.

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 km. Gravel cost funded 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.

Column 12 Grading – is calculated on the basis of \$30 per km 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 km. 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 volunteer 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 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 community council to Manitoba Environment and Climate Change

once per year by January 31 as per the amount invoiced to the community. The official Stats Canada census number is used for total population.

Column 15 and 16 No longer funded (previously painting)

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.

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 Sites – 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 guideline (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 of up to \$1,614.60 = (78 samples x \$20.70 per test) plus bi-monthly shipping cost (includes applying a northern

premium based on location). The number of samples and shipments per year may vary by community depending on the operating license. Testing includes Trihalomethane sampling where required to cover the test required every other year by the Office of Drinking Water.

- Wastewater testing is \$2,076, plus monthly shipping costs.
- Wastewater lagoon testing is \$820 per year.

Column 21 Insurance – for incorporated communities, cost for vehicles based on a \$1,000 flat rate (excludes fire trucks and tractors which require a licence only).

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

Other information

- Appendix F1-A MCA Sheet
- Appendix F1-B Funding Exceptions for Interim-Level and Settlements
- Appendix F1-C Water and Wastewater Schedule
- Appendix F1-D Fire Program Response Groups
- Appendix F1-E Staff Development Cost Calculations
- Appendix F1-F Northern Multiplier