MUNICIPAL SUSTAINABILITY INITIATIVE OPERATING PROGRAM GUIDELINES

2018

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1. GUIDELINES

These guidelines are intended to assist applicants in completing the Municipal Sustainability Initiative (MSI) operating spending plan and financial reporting requirements, and apply to the 2018 operating spending plan and 2018 Statement of Funding and Expenditures (SFE).

2. PROGRAM HIGHLIGHTS for 2018

- ⊃ Provincial-municipal MSI funding agreements expire March 31, 2019. The Government of Alberta has committed to engaging municipalities to discuss the future of municipal funding, and more information on extensions to the funding agreements will be available as these discussions progress.

- ⊃ In 2018/19, municipalities will receive approximately $668 million in MSI funding. An additional $800 million of MSI funding was re-profiled from future years via a March 2018 Supplementary Estimate to provide greater flexibility for municipalities to meet their capital needs. This funding will be available to municipalities in the 2018 program year.

3. PROGRAM OBJECTIVES and TERM

The MSI is the Government of Alberta (GOA's) commitment to work in partnership with municipalities to manage growth pressures, provide municipalities with sustainable funding, and support infrastructure needs. Municipalities determine projects and activities to be funded by the MSI based on local priorities, within the general qualification criteria set out in the program guidelines.

These objectives are outlined in Memorandums of Agreement (MOA) signed with each municipality. The MOAs were amended in 2014 to facilitate payment of the Basic Municipal Transportation Grant (BMTG) portion of the consolidated MSI capital program funding and again in 2017 to extend the program for two years, to March 31, 2019.

All municipalities in Alberta are eligible to receive MSI funding based on these funding agreements, subject to the municipality providing Municipal Affairs with an annual operating spending plan and a Statement of Funding and Expenditures (SFE) for the prior year.

4. KEY DATES AND CONTACTS

ACTIVITY	TIMELINE	QUESTIONS? CONTACT
2018 Operating Spending Plan Submission	**Spring 2018**	Call a Grant Advisor at 780-422-7125 (toll-free 310-0000), or email ma.msioperatinggrants@gov.ab.ca
2018 Annual Allocation Payment	By approximately **June 30**, following provincial budget approval.	Call a Grant Advisor at 780-422-7125 (toll-free 310-0000), or email ma.msioperatinggrants@gov.ab.ca
Statement of Funding Expenditures (SFE)	Due **May 1, 2018** (for the prior year's expenditures)	Call a Grant Advisor at 780-422-7125 (toll-free 310-0000), or email ma.msioperatinggrants@gov.ab.ca
Communication and Project Recognition Requirements	Ongoing	Call Communications at 780-427-8862 (toll-free 310-0000), or email ma.msioperatinggrants@gov.ab.ca

5. SUBMISSION METHODS

As of January 1, 2017, all MSI documentation, including capital project applications and amendments, operating spending plans, and capital and operating SFE, must be submitted through the MSI online system (MSIO). These documents are no longer accepted through email, fax, or mail.

MSIO access is through MAConnect, the GOA web portal www.maconnect.alberta.ca/MAConnect. Questions or requests to access MSIO can be directed to 780-644-2413 (toll-free 310-0000) or MSIOaccess@gov.ab.ca.

MSIO user guides are located under the "Help" button in MSIO, and on the MSI program website.

6. FUNDING FORMULA and ALLOCATIONS

MSI funding is allocated annually with Ministerial authorization of the program budget and individual allocations. Following legislative approval of the provincial budget, payments are made to municipalities.

⊃ The total MSI (capital and operating) allocation is based on the following formula:

  o the majority of MSI funding is allocated 48 per cent on a per capita basis; 48 per cent based on education property tax requisitions; and 4 per cent based on kilometres of local roads:

  o municipalities receive $120,000 in base funding with the exception of summer villages, which receive $60,000 in base funding; and

  o municipalities with populations under 10,000 and limited local assessment bases also receive sustainable investment funding, with a total of $9 million allocated to qualifying municipalities.

⊃ In 2018, the above MSI funding formula has been adjusted for the following municipalities:

  o For Improvement District No. 349, Elizabeth Métis Settlement and Fishing Lake Métis Settlement, MSI allocations have been adjusted to reflect a new approach for meeting the needs of local governments in the Improvement District No. 349 region.

- o For the cities of Calgary and Edmonton, MSI allocations have been reduced by a combined $152 million in consideration of significant commitments to these cities through other spending envelopes.

- ⊃ The BMTG allocation formula is based on municipal status, with Calgary and Edmonton receiving funding based on litres of taxable road-use gasoline and diesel fuel sold in the province; the remaining cities and urban service areas receive funding based on a combination of population and length of primary highways. Towns, villages, summer villages, improvement districts and the Townsite of Redwood Meadows receive funding based on population; and rural municipalities and Métis Settlements receive funding based on a formula that takes into account kilometres of open road, population, equalized assessment, and terrain.

6.1) Restructured Municipalities

Municipal restructuring will not negatively affect funding allocations to municipalities for a defined period under the MSI. In cases where amalgamation or dissolution has occurred (post April 1, 2007), the restructured municipality will receive a funding allocation equivalent to that which would have been calculated pre-restructuring for a subsequent five years, and any unexpended funding will be transferred to the amalgamated/receiving municipality.

The amalgamated/receiving municipality should be aware these funds, or portions thereof, may have been committed to previously approved projects.

For example, if two municipalities amalgamated on June 1, 2013, the restructured municipality will receive the benefit of an MSI allocation calculated as if the two municipalities had not amalgamated for the next five consecutive program years (i.e., 2014 through 2018). Municipalities that amalgamate in 2018 will receive the same benefit for five years following amalgamation or until the end of the MSI program, whichever is earliest.

Municipalities involved in restructuring can contact a Grant Advisor for assistance in preparing MSI spending plans and confirming their funding amounts.

6.2) Carrying Forward Funds

Operating funding should be spent on an annual (calendar year) basis. However, if the current year's operating funding cannot be completely expended as planned, the unexpended funds can be carried forward to the next calendar year.

Funds can only be carried forward for one calendar year. That is, any 2017 funds that are carried forward to the 2018 program year must be spent by December 31, 2018. This provides a total of two years in which to use allocated funding.

Funds that have been carried forward from the previous year can be combined with the current year's funding allocation. For example, a municipality can combine funds carried forward from 2017 with their 2018 allocation, to be put towards 2018 expenditures.

Municipalities will indicate their intent to carry-forward unapplied funds to the next calendar year on their SFE (see Section 10.2). Funding that is not expended at the end of the carry-forward year must be returned to the Government of Alberta.

7. ELIGIBILITY REQUIREMENTS

7.1) Eligible Applicants

All municipalities in Alberta are eligible applicants, and may receive MSI funding based on their established funding agreements. For program purposes, an eligible applicant includes any city, town, village, summer village, specialized municipality, municipal district, improvement district, special area, Métis Settlement, or the Townsite of Redwood Meadows Administration Society.

Eligible applicants may contribute funds to other eligible entities for activities and assets identified in Schedule 1 and 3 that provide a municipal service or benefit, and do not limit public access.

Eligible entities include:

- other eligible applicants as noted above;
- a non-profit organization (See Schedule 4 – Glossary for definition);
- libraries and library systems established under the *Libraries Act;*
- a regional services commission established under Part 15.1 of the *Municipal Government Act* (*MGA*);
- a controlled corporation as defined in Section 241 of the *MGA*; and
- provincial agencies, crown-controlled school jurisdictions, universities, colleges, technical institutes, the Alberta Health Services Board, and other health boards, excluding charter schools and school societies that are included in the Government of Alberta annual report.

If a municipality chooses to contribute MSI operating funding to one of the above entities, the municipality is responsible for including the estimated expenditure on its operating spending plan and ensuring that the contribution is used for eligible expenses in accordance with the program guidelines. While municipalities are not required to provide Municipal Affairs with a list of operating expenses on which a recipient will use MSI funding, it is important that this information be collected, as it may be required in future reviews.

Municipalities may choose which (if any) non-profit organization(s) they wish to provide with operational funding support, and in what amount. Municipalities should consider organizations with a charitable and benevolent purpose that benefit the general public in the local community. Non-profit organizations can include either formally incorporated or informally structured organizations. Funding can also be directed to municipal grant funding boards, such as recreation boards, for further disbursement to non-profit organizations.

Funding directed to other entities cannot be used for: activities and projects outside Alberta; religious purposes; political or lobbying activities; commercial or for-profit purposes; and/or expenses related to fundraising activities such as casinos and bingos. Funding cannot be provided to individuals.

7.2) Eligible Expenditures

MSI operating funding must be used for the purpose of providing good government, providing services, facilities or other items that are necessary or desirable for all or part of the municipality, or to develop and maintain safe and viable communities. Expenditures must clearly align with the objectives and criteria set out in these guidelines (see Schedule 2 for a list of eligible expenses).

Allocations for the 2018 program year must be spent on qualifying operating expenses incurred after January 1, 2018.

8. APPLICATION and REVISION PROCESS

8.1) Operating Spending Plan

Municipalities must submit an annual operating spending plan to Municipal Affairs outlining its plans for the expenditure of its 2018 MSI operating allocation and any 2017 carry-forward funding, within the functional categories on the operating spending plan form.

Municipalities must plan to spend all available funding within the current year. If a municipality is unable to spend their current year's allocation as planned, unexpended funds can be carried forward and must be used in the next calendar year. On the 2018 operating spending plan, 2017 carry-forward funds may be allocated for eligible expenses within the same or a different functional category than was previously identified.

Each municipality is required to complete and submit only one operating spending plan per program year. It is recommended that municipalities not submit partial and phased operating spending plans for a given program year. If a municipality changes its plan for its funding, a revised operating spending plan may be submitted (see Section 8.2).

It is important that municipalities keep a record of spending details, as reporting of actual expenditures by functional category will be required on the SFE for the program reporting year. To ensure that grant funds are properly aligned with qualifying expenditures, Municipal Affairs may require municipalities to provide a detailed accounting of plans for spending the grant or what the grant has funded.

Operating spending plans must be submitted in MSIO (see Section 5).

8.2) Revision Process

Municipal Affairs does not expect that the estimated expenditures submitted on an operating spending plan at the beginning of the year will exactly match the reported expenditures on the program year SFE. If actual expenditures vary somewhat from what was originally submitted on an operating spending plan, municipalities should simply report the actual expenditures against the appropriate functional categories on the SFE.

However, if a municipality anticipates that its expenditures will differ significantly from the original operating spending plan, a revised operating spending plan should be submitted. A difference is significant when the amount to be spent under a functional category is expected to vary by more than 25% of the operating spending plan's total estimated expenditure, which is equal to the municipality's allocation plus any amount carried forward from the previous program year. As Municipal Affairs reports on the information collected in municipal operating spending plans, it is important to advise the ministry when there are significant changes to the plan.

8.3) Use of Other Grants

MSI operating funding may be used as the municipal contribution of provincial-municipal grant programs and the municipal or provincial contribution of federal-municipal grant programs that require a municipal contribution, unless doing so is prohibited by that program.

If a municipality chooses to use multiple grant funding sources for an activity, it is the responsibility of the municipality to understand the separate requirements of each grant program.

9. REVIEW and APPROVAL PROCESS

Each new operating spending plan and/or revised operating spending plan is reviewed by program staff to ensure it meets the requirements outlined in these guidelines. Once the operating spending plan is assessed, a recommendation is forwarded to the Minister of Municipal Affairs.

It is anticipated that spending plans not requiring follow-up and/or corrections will be processed and municipalities advised of acceptance within 10 to 12 weeks. Decisions by the Minister regarding project status are final.

A municipality may proceed with an activity that is expected to be wholly or partially funded with an MSI allocation(s) prior to receiving notification of acceptance from the Minister if it believes the activity will be eligible under these guidelines. However, if upon receipt of the operating spending plan the Minister should deem an activity to be ineligible, the municipality will be responsible for bearing the cost of the activity and must apply the MSI funding to a different eligible activity.

9.1) Provincial Standards

It is expected that MSI-funded activities undertaken by municipalities will comply with provincially regulated standards. For example, MSI-funded activities involving regional water and wastewater systems should appropriately align with the *Environmental Protection and Enhancement Act*, administered by Alberta Environment and Parks. Where an MSI project includes work on a highway under provincial jurisdiction, the municipality must enter into a separate agreement with Alberta Transportation to carry out the work and/or receive permission to access the highway right-of-way. Program advisors may request confirmation of the agreement.

9.2) Requirements for Award of Contract

All calls for proposals or tenders for projects to be funded under the MSI shall be carried out in accordance with the rules, regulations and laws governing such activities and in accordance with the best current practices. They must also be advertised in accordance with the guidelines of the New West Partnership Trade Agreement (NWPTA) (www.newwestpartnershiptrade.ca) effective July 2010, and the Agreement on Internal Trade (AIT) (www.ait-aci.ca).

10. PAYMENT PROCESS AND FINANCIAL REPORTING REQUIREMENTS

10.1) Payments

MSI payments are based on annual allocation amounts. Payment of the 2018 annual allocation will occur following legislative approval of the provincial budget, and is conditional on meeting the following requirements:

- ⊃ submission of the 2017 SFE;

- ⊃ certification of all previous program year SFEs;

- ⊃ submission of a 2018 MSI operating spending plan that fully commits any 2017 carry-forward and the 2018 operating allocation; and

- ⊃ total reported expenditures (on submitted and certified SFEs) must equal or exceed the total of a municipality's 2007 to 2016 operating allocations.

10.2) Statement of Funding and Expenditures (SFEs)

By May 1st of the current program year, each municipality is required to submit an SFE that reports the previous program year's expenditures (e.g. the 2017 SFE is due by May 1, 2018). The 2017 SFE captures the following information:

- ⊃ the MSI operating carry-forward amount from the previous program year (2016);

- ⊃ grant allocation for the reporting year (2017), whether or not it was received;

- credit items earned in reporting year;

- total funding available in reporting year;

- list of estimated expenditures and actual reporting year expenditures by functional category;

- total MSI operating funds expended in the reporting year; and

- MSI funds to be carried forward to the next program year (2018).

The 2017 Spending Plan must be accepted by the Minister before the 2017 SFE can be certified.

All supporting documentation, such as reports, drawings, and invoices for each qualifying expense must be retained by the municipality for a minimum of three years. SFEs may be subject to a review by the Provincial Auditor General.

SFEs must be submitted through MSIO by the Chief Administrative Officer (CAO) or an authorized representative of the municipality (see section 5).

10.3) Credit Items

When an MSI allocation results in net proceeds to the municipality, if generated within five years of small capital purchase/acquisition, these proceeds become part of the MSI allocation and shall be expended on Ministry accepted projects.

These credit items are to be reported on the reporting year (2017) SFE, and can include:

- income earned on deposited MSI grant funds;

- net proceeds (to a maximum of grant applied) from the sale or trade-in of capital assets purchased with MSI funds;

- net proceeds from an insurance claim on capital assets purchased with MSI funds; and

- net salvage value (to a maximum of grant applied) on disposal of an asset purchased with MSI funds.

Credit items not expended in the year they were reported may be carried forward to the next subsequent year.

10.4) Calculation on Income Earned

The municipality must maintain separate accounting records for MSI grant funds.

The municipality is encouraged to invest and earn income on all unexpended grant funds, subject to the provisions of Section 250 of the *MGA*. The amount of income earned on the funds is to be reported on the SFE and becomes part of the total MSI operating funding available for eligible expenditures.

The amount of income earned on grant funds may be calculated by one of two methods:

- the actual income earned on the funds being held; or

- notional income earned on the funds. This can be calculated by multiplying the average MSI funding balance by the number of months the grant funds were held in an account, by the average annual interest rate for those months. For example: If a municipality has a carry-forward amount of $100,000 held in an interest bearing account for a period of eight months with an annual interest rate of one percent, the credit item amount reported should be $667 (e.g. $100,000 X 8/12 X 1%).

11. SITE VISITS

On an annual basis, Municipal Affairs program representatives may select and visit a number of municipalities to discuss the MSI program specific to a completed project(s).

The main objectives of a site visit are to share a municipality's overall experiences with the program, including project selection, application process, project implementation, expenditure reporting process, and to highlight the resulting benefits impacting the community.

A site visit offers an opportunity for municipal and program representatives to discuss how the program operates, explore suggestions for improvement, and to view completed projects where applicable.

12. COMMUNICATIONS and PROJECT RECOGNITION REQUIREMENTS

Municipalities are required to highlight the provincial-municipal partnership on MSI-funded projects by publicizing the projects (e.g., council minutes, annual reports, local newspapers).

Municipalities may also choose to mark a project milestone through advertising, public information campaigns, or ceremonies and events. If a municipality initiates a communications event related to an MSI-funded project, they are asked to advise the Municipal Affairs Communications office of the proposed event a minimum of 15 working days prior to the celebration/launch/completion.

News releases should acknowledge the province's contribution and must include a quote from the Minister or other GOA representative as determined by the province. Any advertising of MSI-funded projects should include a reference to the MSI program and the province's contribution.

To discuss project recognition options or communications requirements, please call Municipal Affairs Communications at 780-427-8862, toll free by first dialing 310-0000, or email ma.msioperatinggrants@gov.ab.ca.

SCHEDULE 1– HOW TO COMPLETE THE OPERATING SPENDING PLAN

The 2018 MSI operating spending plan requires municipalities to provide estimates of how funding will be spent in relation to the functional categories of the government-wide objectives for municipal grant funding. See **Schedule 2** for more information about the functional categories, the government-wide objectives for municipal grant funding and eligible program expenses.

Section 1: Municipal Information

Municipality Information	
Municipality	Town of New Sampleford
Contact Name	Sam Ford
Telephone	555-555-5555

← Insert the name of the municipality.

← Insert the name of the person to contact with questions about the operating spending plan.

← Insert the telephone number of the contact person.

If this is a revised operating spending plan, check this box:	☐ Yes

← Check this box if you have already submitted an operating spending plan in 2018 and this is a revised version of that plan.

Section 2: Estimated Funding Amounts

Estimated 2017 Funding Carried Forward	2018 Allocation	Estimated Total Amount Available
$0	$0	$0
↑	↑	↑
Insert the amount of operating funding that the municipality has carried forward from 2017.[1]	Insert the full amount of the municipality's 2018 MSI operating allocation.	Insert the total of the first and second columns (electronic form should automatically provide the total).

For example:

In 2017, the Town of New Sampleford received $100,000 in MSI operating funding:

- $100,000 of this funding was allocated to various initiatives within the functional categories, as per the program guidelines; and
- one of the 2017 initiatives, a bylaw review, remained incomplete at the end of the year and the $15,000 that was intended for the bylaw review was carried forward to 2018.

Therefore the town had $15,000 of carry-forward funding that will be used to complete a project started in 2017.[1]

In 2018, the town was notified that its 2018 MSI operating allocation would be $100,000. Therefore its total estimated amount available for 2018, including carry-forward from 2017, would be $115,000.

Estimated 2017 Funding Carried Forward	2018 Allocation	Estimated Total Amount Available
$15,000	$100,000	$115,000

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[1] This calculation may be based on an estimated amount of funding to be carried forward, as the actual amount from the certified 2017 SFE may not be available at the time the operating spending plan is submitted.

Section 3: Planned Spending Amounts by Functional Category

The Town of New Sampleford intends to use its available MSI operating funding to:

- complete the 2017 by-law review ($15,000 carried forward 2017 funding);
- support its requisition to a regional planning commission ($20,000 of 2018 funding);
- support the salary of a CAO shared with another municipality ($40,000 of 2018 funding);
- install an elevator in the arena ($20,000 of 2018 funding);
- support a local non-profit theatre group ($5,000 of 2018 funding);
- maintain the transit fleet (fuel, oil changes, etc.) ($10,000 of 2018 funding); and
- support staff professional development ($5,000 of 2018 funding).

By-law reviews ($15,000) and regional planning commissions ($20,000) fall under the **Planning and Development** functional category. Shared administrative salaries ($40,000) fall under the **General Administration** functional category. These amounts should be entered as follows:

Government-Wide Objective #1: To support initiatives that promote the viability and long-term sustainability of municipalities.	
Functional Category	**Estimated Expenditure**
Governance *(e.g., support for elected officials through tuition or consultant fees for councillor training, consultant fees to explore and establish opportunities for regional cooperation).*	
Planning and Development *(e.g., support for the development of planning documents, or operating support for economic and agricultural development activities).*	$35,000
General Administration *(e.g., support for computer hardware and software, consultant fees related to organizational reviews, or salary and wage expenses of shared administrative staff).*	$40,000
Subtotal	**$75,000**

The theatre group ($5,000) falls under the **Culture** functional category. The arena ($20,000) falls under the **Parks, Sport and Recreation** functional category.

Government-Wide Objective #2: To support the maintenance of safe, healthy and vibrant communities.	
Functional Category	**Estimated Expenditure**
Culture *(e.g., operating support for arts, culture, and heritage, through facility and programming funding for community halls, museums, community fairs, rodeos, or festivals).*	$5,000
Children and Family Services *(e.g., operating support for family counselling, parent and child development programs, youth and seniors' drop-in centres, or after-school care and day care for children).*	
Environmental Sustainability *(e.g., upgrades to buildings for greater energy efficiency, consultant fees for environmental assessments, or consultant fees for environmental education and awareness).*	
Housing *(e.g., operating support for assisted living facilities, consultant fees for feasibility, studies related to affordable housing).*	
Libraries *(e.g., operating support for libraries, or purchase of programming supplies, book and other library materials).*	
Municipal Buildings and Facilities *(e.g., support for maintenance and repairs to administrative buildings and public works shops, or common equipment purchases).*	
Parks, Sport and Recreation *(e.g., operating support for playgrounds, arenas, swimming pools, beaches, golf courses, ice rinks, skateboard parks, ski areas, baseball diamonds, or sports fields).*	$20,000
Public Security and Safety *(e.g., operating support for facilities, equipment and vehicles used for services such as police, fire, ambulance and bylaw enforcement).*	
Subtotal	**$25,000**

Transit fleet maintenance ($10,000) falls under the **Public Transit** functional category.

Government-Wide Objective #3: To support the development and maintenance of core municipal infrastructure to meet existing and changing municipal needs.	
Functional Category	**Estimated Expenditure**
Airports *(e.g., operating support for airports and related infrastructure such as lighting and signage, or consultant fees for feasibility studies and implementation plans for airports).*	
Infrastructure Management *(e.g., support for the implementation of infrastructure management systems such as Municipal Infrastructure Management System (MIMS), or contracted data gathering).*	
Public Transit *(e.g., operating support for public transit, including vehicles, service buildings, garages, or accessible public transit).*	$10,000
Roads and Bridges *(e.g., operating support for roadways, bridges, sidewalks, commuter bikeways, lighting, and other equipment, or consultant fees for traffic management studies).*	
Solid Waste Management *(e.g., operating support for sanitary landfill sites, material recovery facilities and vehicles used for collection, or tipping and recycling fees).*	
Wastewater *(e.g., operating support for sanitary sewers, combined sanitary-storm sewers, lagoons, plant and equipment, public comfort stations, catch basins, or booster stations).*	
Water *(e.g., operating support for water facilities and lines, or purchase of water and purification and treatment supplies).*	
Subtotal	**$10,000**

Staff professional development ($5,000) falls under the **Staff Development** functional category.

Government-Wide Objective #4: To support capacity building within municipalities.	
Functional Category	**Estimated Expenditure**
Municipal Careers *(e.g., support for salary and wage expenses for shared interns, municipal career promotion initiatives, or consultant fees for succession planning).*	
Staff Development *(e.g., support for professional development costs such as tuition, books and conference fees or consultant fees for training or courses related to current and future employment).*	$5,000
Volunteer Development *(e.g., support for tuition, books, and travel expenses for volunteer training or courses, or salary and wage expenses for shared volunteer coordinators).*	
Subtotal	**$5,000**

Total Estimated Expenditure *(must equal Estimated Total Amount Available on page 1)*	**$115,000**

↑
Sum of the total estimated
expenditures under each of
the GWOs.

Please Note:

If your Total Estimated Expenditure is not equal to your Estimated Total Amount Available on page 1, the electronic version of the form will produce a warning message stating: *Your total estimated expenditure does not equal your estimated total amount available. Please check your calculations before submitting this spending plan.* If you see this message, please revise the amounts allocated to the functional categories so that the totals match.

Section 4: Certification
This area must be submitted by the municipality's CAO (or an authorized officer). By submitting this form, the CAO certifies that the municipality will use its MSI operating funding only on eligible operating expenditures as outlined in these guidelines and the MSI funding agreement, and that, where funding has been contributed to an eligible recipient entity, the municipality has communicated this requirement to the recipient.

SCHEDULE 2 – GOVERNMENT-WIDE OBJECTIVES, FUNCTIONAL CATEGORIES and ELIGIBLE EXPENSES

Government-wide Objectives

The four government-wide objectives (GWOs) for municipal grant funding are:

1. To support initiatives that promote the viability and long-term sustainability of municipalities.
2. To support the maintenance of safe, healthy and vibrant communities.
3. To support the development and maintenance of core municipal infrastructure to meet existing and changing municipal needs.
4. To support capacity building within municipalities.

Functional Categories and Eligible Expenses

MSI operating funding is reported by functional categories under the GWOs. A functional category is an area of municipal operations to which operating funding can be applied. Eligible expenses under each of the functional categories are outlined in the tables below. **Ineligible expenses are outlined in S*chedule 3.***

The eligible expenses listed in the tables are commonly supported expenses, but the lists are not exhaustive. Definitions of terms used in the tables can be found in *Schedule 4 – Glossary*.

GWO #1: To support initiatives that promote the viability and long-term sustainability of municipalities.

Functional Category	Eligible Expenses

General Administration[2] Activities that provide for the overall operation of the municipality and are common to, or affect all of the services provided by, the municipality
 	
Eligible expenses under this category are limited to those activities that increase the efficiency or effectiveness of overall municipal operations
	• Shared administrative staff
	• Contracted administrative services as part of a joint initiative
	• Municipal association memberships
	• Computer hardware and software, including:
	  o Peripherals such as printers and scanners
	  o Geographic information systems
	• Technology support expenses
	• Telephone systems
	• Website development
	• Organizational reviews
	• Contracted or purchased data gathering

Governance Activities that support the ongoing management of the municipality through its elected officials	• Councillor training[3] • Exploring opportunities for regional cooperation • E-council initiatives

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[2] Repair and maintenance of administration buildings falls under the functional category *Municipal Buildings and Facilities* under GWO #2.
[3] Some exceptions apply. See *Schedule 3* for details.

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Planning[4] and Development Activities that contribute to land-use planning, integrated community sustainability planning, or to the economic diversification of the municipality	- Operating support for regional planning commissions and municipal planning departments - Contracted planning services - Salaries, wages and benefits for planning staff - Development of: - Statutory plans (*MGA* Sections 631-638) - Municipal and intermunicipal development plans - Area structure plans - Area redevelopment plans - Sustainability plans - Landuse and development plans - By-law reviews and updates - Agricultural development plans - Regional plans - Economic development and diversification initiatives - Agricultural development such as education and promotional initiatives - Small capital purchases/acquisitions - Data gathering - Hosting, rental, travel and accommodation expenses for events[5]

GWO #2: To support the maintenance of safe, healthy and vibrant communities.

Functional Category	Eligible Expenses
Culture Activities that support and promote the development of arts and culture within the municipality	- Operating support for municipal and non-profit facilities and programs in the arts and heritage, community halls, museums, community fairs, rodeos and festivals - Contracted culture services - Non-profit and/or shared municipal staff salaries, wages and benefits - Small capital purchases/acquisitions - Hosting, rental, travel and accommodation expenses for events[5] - Plans or feasibility studies related to culture
Children and Family Services Activities that support social programming for people in need, children, families, and seniors	- Operating support for municipal and non-profit facilities that house family counselling, parent and child development programs, youth and seniors' drop-in centres, after school care for school aged children and day care - Operating support for cemeteries and crematoriums - Contracted children and family services

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[4] Planning related to a specific municipal function or service should be categorized under that service (e.g. the development of an affordable housing strategy would be categorized under GWO #2 – Housing.)
[5] Some exceptions apply. See *Schedule 3* for details.

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	- Non-profit and/or shared municipal staff salaries, wages and benefits - Small capital purchases/acquisitions - Physician retention initiatives[6] - Plans or feasibility studies related to children and family services - Hosting, rental, travel and accommodation expenses for events[6]
Environmental Sustainability Activities that support the protection of the environment	- Building retrofits that improve energy efficiency of current operations - Exploration of renewable and alternative energy projects - Environmentally sustainable planning strategies - Emissions inventories and energy audits - Environmental education and awareness initiatives - Hosting, rental, travel and accommodation expenses for events[6] - Non-profit and/or shared municipal staff salaries, wages and benefits
Housing Activities that support affordable housing and supportive living options for seniors, low-income families and those with special needs	- Operating support for municipal and non-profit assisted living facilities[6] - Non-profit and/or shared municipal staff salaries, wages and benefits - Small capital purchases/acquisitions - Plans or feasibility studies related to affordable housing - Hosting, rental, travel and accommodation expenses for events[6]
Libraries Activities that support library programming and associated facilities	- Operating support for libraries - Contracted library services - Salaries, wages and benefits - Small capital purchases/acquisitions - Support for high-speed internet and technological advancements - Plans or feasibility studies related to libraries - Hosting, rental, travel and accommodation expenses for events[6]

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[6] Some exceptions apply. See *Schedule 3* for details.

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Municipal Buildings and Facilities Buildings and facilities that are necessary to the overall operation of the municipality and that are common to the services provided by the municipality	• Repairs and maintenance[7] of administration buildings • Operating support for public works shops, municipally owned staff accommodations, public wharves and other beach infrastructure and municipally owned gas and electrical utility systems • Small capital purchases/acquisitions • Shared municipal staff salaries, wages and benefits • Contracted services • Fuel and maintenance for public works equipment and other equipment used to maintain municipal infrastructure
Parks, Sport and Recreation Activities related to the development and operation of facilities and related programming for recreational opportunities such as sports and parks	• Operating support for municipal and non-profit playgrounds, arenas, swimming pools, beaches, golf courses, skating and curling rinks, skateboard parks, ski areas, baseball and softball diamonds, sports fields, campgrounds, gymnasiums and community parks and trails • Contracted parks, sport and recreation services • Non-profit and/or shared municipal staff salaries, wages and benefits • Small capital purchases/acquisitions • Contributions to recreation boards • Hosting, rental, travel and accommodation expenses for events[8] • Plans or feasibility studies related to parks, sport and recreation
Public Security and Safety Activities related to the reduction of crime and the promotion of safe and secure communities	• Operating support for police, fire, ambulance and bylaw enforcement service facilities • Non-profit and/or shared municipal staff salaries, wages and benefits • Small capital purchases/acquisitions • Contracted protective services • Fuel and maintenance of protective and emergency services vehicles • Small and specialized equipment purchases • Non-profit and/or shared municipal staff salaries, wages and benefits • Plans or feasibility studies related to public security and safety • Hosting, rental, travel and accommodation expenses for events[8]

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[7] See expanded definition of maintenance in *Schedule 4 – Glossary.*
[8] Some exceptions apply. See *Schedule 3* for details.

GWO #3: To support the development and maintenance of core municipal infrastructure to meet existing and changing municipal needs.

Functional Category	Eligible Expenses
Airports Activities related to air transportation services	• Operating support for airports and related infrastructure such as lighting and signage • Contracted airport services • Non-profit and/or shared municipal staff salaries, wages and benefits • Small capital purchases/acquisitions • Plans or feasibility studies related to airports
Infrastructure Management Activities that support systematic infrastructure planning and management	• Purchase of and support for infrastructure management systems such as Municipal Infrastructure Management System (MIMS) • Software related to the management of tangible capital assets (TCA) • Purchase of infrastructure data or contracted data gathering • Development of master infrastructure management plans
Public Transit Activities related to the provision of public transit services	• Operating support for municipal and non-profit transit vehicles, service buildings, garages, handi-buses and accessible public transit • Contracted transit services • Non-profit and/or shared municipal staff salaries, wages and benefits • Small capital purchases/acquisitions • Transit feasibility and implementation studies
Roads and Bridges Activities related to the construction and maintenance of roadways, bridges, and related structures	• Maintenance[9] of roadways, bridges, sidewalks, commuter bikeways, lighting, and related maintenance equipment, including contracted road maintenance services • Non-profit and/or shared municipal staff salaries, wages and benefits • Traffic management studies • Plans or studies related to roadway systems • Small capital purchases/acquisitions • Dust control programs
Solid Waste Management Activities related to the collection and management of garbage and other waste material	• Operating support for sanitary landfill sites, incinerators or other plants and material recovery facilities • Contracted solid waste management services • Non-profit and/or shared municipal staff salaries, wages and benefits • Fuel and maintenance of trucks and other equipment used for collection; disposal and recycling • Small capital purchases/acquisitions • Operating support for regional waste management services commissions

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[9] See expanded definition of maintenance in *Schedule 4 - Glossary*.

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Wastewater Activities related to the collection or removal, treatment, and disposal of sanitary sewage	• Waste management plans and studies • Operating support for sanitary sewers and combined sanitary-storm sewers, lagoons, plant and equipment, public comfort stations, catch basins, manholes and booster stations • Contracted wastewater services • Non-profit and/or shared municipal staff salaries, wages and benefits • Reclamation of sludge areas • Operating support for regional wastewater services commissions • Wastewater plans and studies • Small capital purchases/acquisitions
Water Activities related to acquiring, treating, and supplying water	• Purchase of water supply • Operating support for facilities and lines • Operating support for regional water services commissions • Contracted water services • Non-profit and/or shared municipal staff salaries, wages and benefits • Water and conservation plans and studies • Water meter replacement • Small capital purchases/acquisitions

GWO #4: To support capacity building within municipalities.

Functional Category	Eligible Expenses
Municipal Careers Activities that support the retention and attraction of skilled employees of local governments.	• Consultant fees for succession planning • Municipal career promotion initiatives • Advertising and promotional materials related to recruitment • Contracting a recruiting firm
Staff Development Activities that support the development of municipal staff.	• Tuition, books and travel expenses or consultant fees for training or courses related to current and future employment and occupational health and safety[10]
Volunteer Development Activities that promote the development of the non-profit and voluntary sector.	• Tuition, books and travel expenses or consultant fees for volunteer training or courses[10]

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[10] Some exceptions apply. See *Schedule 3* for details.

SCHEDULE 3 – INELIGIBLE EXPENSES

- Salaries, wages and benefits, including incentives for physicians under a physician retention initiative, *unless* they are part of a joint initiative or supporting municipal planning, libraries or non-profit organizations (see Glossary for definitions).

- Expenses related to administrative services (see Glossary for definition), *unless* expenses are incurred as part of a joint initiative or expenses related to activities that increase the efficiency or effectiveness of overall municipal operations.

- Rent, utilities, insurance and property taxes on administration buildings/offices *unless* expenses are incurred as part of a joint initiative.

- Purchase of furniture, office equipment (excluding computer hardware, software and peripherals), appliances and consumable supplies required to deliver administrative services *unless* expenses are incurred as part of a joint initiative.

- Construction or acquisition of new facilities and large fixed infrastructure, for example: land, buildings, parking structures, engineered structures, roadways, runways, bridges, lighting structures, traffic control signals, towers, stationary power generators, water and wastewater systems, storm sewer drainage systems, solid waste management facilities, parks, sports fields, cemeteries, crematoriums, utility systems.

- Large motor vehicles and heavy duty construction/maintenance equipment (purchases and capital leases), for example: tandem trucks, motor graders, backhoes, loaders, pavers, scrapers, bulldozers, excavators, skid steers, landfill compactors, solid waste material handlers, sanding trucks, street sweepers, gravel trucks, street snow ploughs, vacuum trucks, cranes, tractors, ice resurfacers, pickup trucks, cars, buses, aircraft, motor boats, ambulances, fire fighting vehicles, public transit vehicles.

- Payments in contradiction of the *MGA*, e.g. requisitions to seniors lodge management boards established by Ministerial Order and covered by Section 326(a)(v) of the *MGA* and Section 7 of the *Alberta Housing Act.*

- Celebratory events such as centennial celebrations, community dances, volunteer appreciation events, etc.

- Activities/projects outside Alberta, including learning opportunities

- Religious activities

- Political or lobbying activities

- Expenses related to fundraising activities such as casinos and bingos

- Legal settlements

- Depreciation

- Goods and Services Tax

- Income taxes

- Interest, loan fees, debt principal payments

- Contributions to individuals

- Costs funded under other grant programs.

SCHEDULE 4 – GLOSSARY

"Administrative services" means:

- Routine administrative functions, including corporate services, property assessment and taxation, licensing administration, municipal census-taking, budgeting and accounting, audit and legal functions, public relations and election processes and plebiscites.

- Note that administrative services are only eligible as part of a joint initiative (see definition below).

"Contracted services" (e.g. "contracted culture services" or "contracted solid waste management services") means:

- Contracts with other municipalities, private companies or non-profit organizations for the provision of municipal services.

- Contributions to other municipalities/municipal partnerships to support shared municipal service delivery arrangements.

"Infrastructure management system" means a system used by municipal governments to record and analyze their infrastructure assets. The infrastructure assets are recorded and analyzed based on a number of characteristics, such as type (roads, bridges, parks), age, condition and value.

"Joint initiative" means an undertaking that involves two or more municipalities. A joint initiative must meet one of the following criteria:

- it supports expenses for shared administration

- it supports regional or intermunicipal plans or studies

- it supports expenses related to the shared delivery of a municipal service

- it supports membership fees or contributions to a pre-existing regional services commission or service agreement.

"Maintenance" means any routine, recurring, superficial, or cosmetic activity necessary to ensure that an asset reaches its normal design life and/or retains an acceptable appearance throughout its life. Maintenance also includes the life cycle replacement of individual parts or subcomponents of a capital asset system.

Maintenance also includes "rehabilitation," which means any activity intended to extend the useful life of a fixed asset beyond its original expected or design life **and "betterment,"** which means the enhancement of the service potential of a capital asset, including an increase in physical output or service capacity, lowering of associated operating costs, extension of the useful life, or improvement in the quality of output.

The inclusion of rehabilitation and betterment as eligible expenses means that municipalities may use MSI operating funding on structural changes to buildings (e.g. installation of an elevator, structural changes to meet fire safety codes, building additions, etc.).

"Non-profit organization" means an organization that is:

- non-governmental (i.e., institutionally separate from governments)

- not distributing profits (i.e., does not return any profits generated to its owners or directors)

- self-governing (i.e., independent and able to regulate its own activities)

- voluntary (i.e., benefits to some degree from voluntary contributions of time and/or money).

"Operating support" means:

- Rent, utility, insurance, technology, property tax, and repair and maintenance support for municipally owned and/or non-profit owned/operated facilities and infrastructure

- Furniture, office equipment, appliances and telephone systems for the above

- Computer hardware and software, including technology support expenses

- Purchase and maintenance of consumable supplies or services required to deliver municipal services or operate assets, e.g. library books and materials, educational programming supplies, water purification and treatment supplies, gasoline, gravel, etc.

- Membership fees or contributions to a regional services commission or other eligible entity under the program for purposes consistent with these guidelines.

"Small capital purchases/acquisitions" includes:

- Hand-operated tools such as chainsaws, shovels, rakes, hoes, push lawn mowers, sewer cameras, meter reader devices

- Electrical, mechanical or computerized systems required to maintain or operate capital assets such as security systems, water quality monitoring systems, irrigation systems, air conditioning systems, lighting and sound systems

- Lifecycle replacements of heavy equipment attachments (e.g. worn out blades)

- New attachments for heavy equipment that modify the function of the piece of equipment (e.g. blades, buckets, etc.)

- Small motorized and driveable light-duty equipment such as lawnmowers, sidewalk sweepers/ploughs, golf carts, power bicycles, mini-bikes, motorcycles, scooters, all-terrain vehicles, snow vehicles, etc.

- Protective equipment including uniforms, police equipment, firefighting equipment and medical equipment for EMS

- Computer peripheral equipment such as webcams, microphones, GPS units, printers, projection screens

- Benches, picnic tables, planters, portable and stationary recreation and playground equipment, waste management bins, sheds, fences

- Signage, addressing systems, poles

- Curbs, parking lots, sidewalks, trails.

"System" means a group of independent but interrelated elements that share functional or structural relationships, which comprise a unified capital asset, and where the function of an independent component impacts the functioning of the entire system.

SCHEDULE 5 – FREQUENTLY ASKED QUESTIONS

1. Why are salaries ineligible for MSI operating funding?

   - Administration expenses are not eligible for MSI operating funding.

   - Municipalities are encouraged to direct funding towards strategic projects that will enhance long-term sustainability, rather than routine operations.

   - Salaries associated with joint initiatives, planning activities, non-profit organizations or libraries remain eligible for MSI operating funding.

2. Can I use MSI operating funding to host an event?

   - Projects that primarily involve hosting celebratory and commemorative events do not support the MSI program objectives of enhancing municipal sustainability and enabling municipalities to meet the demands of growth, and therefore do not qualify for MSI operating funding.
     - Examples of non-qualifying special events include parades, New Year or party celebrations, centennial celebrations, community dances, and volunteer appreciation events.

   - Special events that contribute to ongoing economic, cultural or agricultural development such as rodeos, stampedes, fair/exhibits, or community festivals remain eligible for funding.
     - Qualifying project activities should relate to planning, advertising and programming rather than food, beverage and entertainment costs.

   - Projects that support hosting expenses related to events that clearly align with the goals and objectives of the MSI operating program remain eligible for funding (e.g. hosting expenses related to public consultation, sustainability workshops, etc.).

3. What learning opportunities qualify for MSI operating funding?

   - Workshops, courses and other learning activities directly related to municipal leadership, administration or operations and offered in Alberta qualify.

   - This includes courses/workshops required for staff certification/accreditation and conferences/conventions with a specific service delivery focus.

   - Where appropriate, bringing trainers directly to the community so that a number of staff and/or elected officials have access to the training or professional development opportunity also qualifies.

   - Qualifying project expenses:
     - Registration/tuition fees
     - Textbooks/materials not included in registration fee
     - Transportation expenses
     - Meals and accommodations
     - Trainer fees, preparation and travel costs.

   - Non-qualifying project expenses:
     - Salaries/honoraria
     - Incidental and entertainment expenses.

4. What types of economic development activities will MSI operating support?

   Eligible expenses include:

   - the purchase of computers, software, (small) business machinery, program supplies and any other equipment needed to complete economic development plans

   - room rental, equipment rental, and the development of promotional or educational materials (handouts, brochures, presentations) related to carrying out consultations

   - developing and compiling targeted, strategic economic development data and information to support business decision making

   - publishing an inventory of available privately owned and municipally-owned land for sale, as well as industrial and commercial buildings for sale or lease

   - developing materials for participation in tradeshows, investment seminars, special events and hosting visiting delegations (e.g. trade show banners, promotional and resource materials about the municipality)

   - compiling and maintaining an inventory of government programs and services available to business such as trade missions and export opportunities (e.g. handbook or database)

   - developing and presenting small business seminars

   - developing a tour and briefing to orient businesses to the geography, economy and demographics of the area

   - developing an inventory of information about the area economy including lists of major employers, manufacturers, exporters, and new industry

   - website development

   - assessing municipal policies and practices in relation to best practices for rural and agricultural development

   - developing policies that encourage rural tourism and agricultural development

   - consultants or staff time to develop plans.

5. What types of project expenses are eligible under physician retention initiatives?

   Eligible expenses include:

   - advertising, promotional materials and costs related to recruiting prospective physicians, such as travel and accommodation costs

   - retention committee costs, including meeting hosting costs, administrator salary, councillor honoraria, and travel costs

   - maintenance and operational costs of medical clinics

   - maintenance costs of housing owned by the municipality

   - physician salaries, benefits and cash incentives when part of a joint initiative.

6. What restrictions apply to providing MSI operating support to seniors housing?

- Restrictions apply to management bodies established by Ministerial Order to provide seniors' lodge accommodations.

- Section 326(a)(v) of the *MGA*, in conjunction with Section 7 of the *Alberta Housing Act*, allows these management bodies to requisition municipalities the amount to be paid to them to provide seniors' lodge accommodations.

- Municipalities must raise the revenue for the requisition through a property tax.

- MSI funding may be used for qualifying expenses of seniors' lodge accommodations as long as the funding is not applied to the actual requisition amount.

- MSI funding can be stacked with other provincial grants to reduce qualifying expenses and planned requisitions or it can be used to fund emergent activities such as major repairs or maintenance that arise after requisitions are set and collected through property taxes.

- Municipalities may use MSI operating funds to support any qualifying project expenses associated with seniors' housing facilities that are not lodge accommodations.