

2012

**MUNICIPAL SUSTAINABILITY INITIATIVE
OPERATING PROGRAM GUIDELINES**

MUNICIPAL AFFAIRS

Effective January 1, 2012
<http://www.municipalaffairs.alberta.ca/msi.cfm>

Table of Contents

1. WHAT'S NEW?	3
2. GENERAL INFORMATION	4
2.1 Key Dates	4
2.2 Contact Information	4
3. PROGRAM DESCRIPTION	5
3.1 Overview	5
3.2 Program Objectives	5
3.3 Program Eligibility	5
3.4 Funding Formula	6
4. FUNDING CONDITIONS	6
4.1 Expense Eligibility	6
4.2 Memorandum of Agreement	6
4.3 Incurring Operating Expenses	7
4.4 Payment of Funds	7
4.5 Time Period to Use Allocated Funds	7
4.6 Application of Other Grant Funds	7
4.7 Municipal Restructuring and Funding Allocations	8
4.8 Requirements for Award of Contracts	8
5. APPLICATION PROCESS	8
5.1 Program Spending Plan	8
5.2 Review Process	9
6. COMPLIANCE	9
6.1 Statement of Funding and Expenditures	9
6.2 Credit Items	10
6.3 Calculation of Income Earned	10
6.4 Project Communication Requirements	11
6.5 Site Visits	11
6.6 Amendment Process	11
SCHEDULE 1 – HOW TO COMPLETE THE OPERATING PROGRAM SPENDING PLAN	13
SCHEDULE 2 – GOVERNMENT-WIDE OBJECTIVES, FUNCTIONAL CATEGORIES AND ELIGIBLE EXPENSES	16
SCHEDULE 3 – INELIGIBLE EXPENSES	22
SCHEDULE 4 – GLOSSARY	23
SCHEDULE 5 – FREQUENTLY ASKED QUESTIONS	25

1. What's New?

The Municipal Sustainability Initiative (MSI) operating guidelines have been updated to reflect changes towards a more streamlined program with greater flexibility, giving municipalities an even greater ability to meet local needs and address issues as they arise. The following changes have been incorporated into the guidelines:

- An MSI Operating Program Spending Plan has replaced the previous MSI Conditional Operating Project Application.
 - Municipalities are required to submit only one form per year, based on spending estimates.
 - MSI operating funding will now be applied to functional categories rather than to projects. For more information about functional categories, see *Schedule 2 – Government-wide Objectives, Functional Categories and Eligible Expenses*.
 - As expenses are no longer tied to individual projects, the minimum project threshold of 10 per cent no longer applies.
 - For more information about the new application process using the MSI Operating Program Spending Plan, see *Section 5 Application Process* and *Schedule 1 – How to Complete the Operating Program Spending Plan*.
- The April 1 application deadline has been eliminated. Applications for 2012 MSI operating funding may be submitted to Municipal Affairs at any time.
- Changes to the payment conditions have been made to better align payments with the terms of the long term Memorandum of Agreement. See *Section 4.4* for more information.
- The following expenses are now eligible for MSI operating funding:
 - Repairs and maintenance of the administration building/municipal offices
 - *Betterment* and *rehabilitation* of capital assets (see *Schedule 4 – Glossary* for definitions)
 - A wider variety of small capital purchases/acquisitions, including:
 - benches, picnic tables, playground equipment, waste management bins, sheds
 - fences, parking lots, sidewalks, curbs, trails
 - signage, addressing systems
 - small motorized and driveable light-duty equipment (see *Schedule 4 – Glossary* for more information)
 - new attachments for heavy equipment that modify the function of the piece of equipment (e.g. blades, buckets, etc.)
- *Schedule 3* contains an updated list of items that are *not* eligible for MSI operating funding.

- The Statement of Funding and Expenditures (SFE) form has been changed for the 2012 program year.
 - On the 2012 SFE, municipalities will report the actual amount of MSI operating funding that was applied to functional categories rather than to projects. For more information about the functional categories, see *Schedule 2 – Government-wide Objectives, Functional Categories and Eligible Expenses*.
 - If your municipality reported any projects on the 2011 SFE as “In Progress” or “Delayed,” projected 2012 expenditures on these projects must be included on the MSI Operating Program Spending Plan. The actual expenditures must then be reported on the 2012 SFE by functional category. For more information on how to report incomplete projects, see *Section 6. Compliance, Section 5. Application Process and Schedule 1 – How to Complete the Operating Program Spending Plan*.

2. General Information

2.1 Key Dates

The following table summarizes the Municipal Sustainability Initiative application cycle.

Activity	Date
Submit Operating Program Spending Plan	Spring 2012
Payment of Grant Allocation	By approximately June 30 of each year (see Section 4.4 for payment conditions)
Submit year end Statement of Funding and Expenditures (SFE)	2011 SFE: May 1, 2012 2012 SFE: May 1, 2013

2.2 Contact Information

All correspondence and questions should be directed to the contact information below. Signed operating spending plans and SFEs may be submitted by mail, email or fax.

Alberta Municipal Affairs
 Grants and Education Property Tax Branch
 Municipal Grants Unit
 17th Floor, 10155 – 102 Street
 Edmonton, AB T5J 4L4

Ph: 780-427-2225 (or toll-free: 310-0000)

Fax: 780-422-9133

Email: ma.msioveringgrants@gov.ab.ca

Website: <http://www.municipalaffairs.alberta.ca/msi.cfm>

For program specific information, ask for a Grant Policy Advisor and for compliance reporting requirements, ask for a Grant Compliance Advisor.

3. Program Description

3.1 Overview

The MSI is the Province of Alberta's commitment to provide significant long-term funding to enhance municipal sustainability and to enable municipalities to meet the demands of growth.

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.

3.2 Program Objectives

The objectives of the MSI are:

- to work in partnership with municipalities to manage growth pressures;
- to provide municipalities with sustainable funding; and
- to support infrastructure needs.

Municipalities are strongly encouraged to consider these program objectives when determining their MSI priorities. Municipalities are also strongly encouraged to support their communities by working together.

3.3 Program Eligibility

Only eligible municipalities may submit applications and operating spending plans for MSI funding. For the purposes of this program, an eligible municipality means any municipality (city, town, village, summer village, specialized municipality, municipal district, improvement district, and special area) or Métis settlement, or the Townsite of Redwood Meadows Administration Society.

Contributions to Other Entities

Municipalities may choose to contribute MSI operating funding to other entities that provide or assist in the planning and delivery of municipal services. Eligible recipient entities of MSI operating funding are:

- municipalities as defined in Section 1 of the *Municipal Government Act* and municipal partnerships;
- non-profit organizations (see *Schedule 4 - Glossary* for definition);
- libraries and library systems established under the *Libraries Act*;
- regional services commissions established under Part 15.1 of the *Municipal Government Act*; and
- controlled corporations as defined in Section 241 of the *Municipal Government Act*.

If a municipality chooses to contribute MSI operating funding to one of the entities above, 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 audits.

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.

3.4 Funding Formula

Municipalities will be advised of their annual MSI funding allocation after the provincial budget has been approved. The annual allocations are available on the MSI website.

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

- The majority of MSI funding - 48 per cent allocated on a per capita basis; 48 per cent allocated based on education property tax requisitions; and four per cent allocated based on kilometres of local roads.
- Municipalities will receive \$120,000 in base funding, with the exception of summer villages, which will receive \$60,000 in base funding.
- Municipalities with populations under 10,000 and limited local assessment bases also receive sustainable investment funding. A total of \$15 million will be allocated in each budget year to qualifying municipalities.

Of the total MSI funding allocated in each year, \$50 million is provided in the form of conditional operating funding to municipalities. Conditional operating funding is a designated portion of each municipality's overall MSI funding allocation. This includes a base amount and, if applicable, sustainable investment funding. The remainder of the funding will be for qualifying capital projects that meet the criteria described in the capital guidelines.

4. Funding Conditions

4.1 Expense Eligibility

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.

4.2 Memorandum of Agreement

MSI funding is administered through a long-term Memorandum of Agreement (funding agreement). This funding agreement covers capital and operating funding under the

program from 2008 through 2016. A separate 2007/08 MSI conditional operating funding agreement covered the 2007 MSI operating funding.

Under the terms of the funding agreement, the municipality is required to provide Municipal Affairs with:

- an operating spending plan to utilize MSI funding for operating purposes and;
- an annual Statement of Funding and Expenditures for the previous year.

All operating funds provided and income earned that are not expended prior to December 31 in the year that funding is allocated may be retained by the municipality and expended during the subsequent year on eligible operating expenses. Thereafter, all unexpended funds shall be returned to the Minister of Finance.

4.3 Incurring Operating Expenses

Allocations for the 2012 program year must be spent on qualifying operating expenses incurred after January 1, 2012.

4.4 Payment of Funds

2012 MSI operating allocations will be paid following approval of the provincial budget and are conditional on the following:

- submission and Municipal Affairs' certification of the 2010 Statement of Funding and Expenditures (SFE) (see *Section 6.1*);
- submission of the 2011 SFE; and
- submission of a 2012 MSI Operating Program Spending Plan that fully commits any 2011 carry forward and the 2012 operating allocation.

The total reported expenditures (on submitted and certified SFEs) must equal the total of a municipality's 2007 to 2010 operating allocation for the 2012 allocation to be paid.

4.5 Time Period to Use Allocated 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 2011 funds that are carried forward to the 2012 program year must be spent by December 31, 2012.

Funding that has been carried forward can be combined with the current year's funding. For example, a municipality can combine funds carried forward from 2011 with their 2012 allocation, to be put towards 2012 expenditures.

Municipalities will indicate their intent to carry forward unapplied funds to the next calendar year on their Statement of Funding and Expenditures (see *Section 6.1*). Funding that is not expended at the end of the carry forward year must be returned to the Minister of Finance.

4.6 Application of Other Grant Funds

MSI operating funding may be used as the municipal contribution or be combined with funding from other provincial-municipal or federal-municipal grant programs, unless doing so is prohibited by that program.

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

4.7 Municipal Restructuring and Funding Allocations

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, the unexpended portion of the funding allocation will be transferred to the amalgamated/receiving municipality.

Restructured municipalities will receive a funding allocation equivalent to that which would have been calculated pre-restructuring for the subsequent five years of the program. This does not apply to municipalities that underwent restructuring prior to April 1, 2007.

For example, if two municipalities amalgamated on June 1, 2012, the restructured municipality will receive the benefit of an MSI allocation calculated as if the two municipalities had not amalgamated, until December 31, 2017. The restructured municipality will receive the combined total of the two calculated amounts. The amalgamated/receiving municipality should be aware that the funding allocation being transferred, or portions thereof, may have been committed to previously approved projects.

Municipalities involved in an amalgamation or dissolution should contact a Municipal Affairs program representative for assistance in preparing project applications and confirming the MSI funding amounts.

4.8 Requirements for Award of Contracts

Procurement practices for goods, services and construction, including all calls for proposals or tenders for projects to be funded under this program 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 (www.newwestpartnershiptrade.ca), effective July 2010, and the Agreement on Internal Trade (www.ait-aci.ca).

5. Application Process

5.1 Program Spending Plan

The MSI Conditional Operating Project Application has been replaced by the MSI Operating Program Spending Plan. Municipalities are no longer required to submit individual project applications; instead, a municipality must submit a single operating spending plan to Municipal Affairs outlining its plans for the expenditure of its 2012 MSI operating allocation and any 2011 carry forward funding.

The 2012 operating spending plan should also include anticipated expenditures on any previously accepted projects that remained incomplete on December 31, 2011 (see *Schedule 1 – How to Complete the Operating Program Spending Plan* for an example).

In future program years a municipality will be able to submit its operating spending plan either before or after the MSI annual funding allocations have been announced. If a

municipality chooses to submit its operating spending plan before the funding allocations are released, it should use the previous year's actual MSI operating allocation as the estimate of its next year's allocation. A revised operating spending plan does not need to be submitted unless the actual allocation varies significantly from the estimated allocation (see *Section 6.6*).

Each municipality is required to complete and submit **only one** operating spending plan per program year, outlining its plan for its entire current year's allocation and any prior years' anticipated carry forward funding. It is recommended that municipalities **not** submit partial and phased operating spending plans for a given program year.

It is important that municipalities keep a record of spending details, as reporting of actual expenditures by functional category will be required on the Statement of Funding and Expenditures (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 how the grant is planned to be spent or what the grant has funded.

An electronic file template for the operating spending plan is available at: www.municipalaffairs.alberta.ca/msi.cfm.

See *Schedule 1 – How to Complete the MSI Operating Program Spending Plan*.

Application forms from previous years will not be accepted for the 2012 program year.

Signed operating spending plans may be submitted by mail, fax or email, through the contact information provided in *Section 2.2*.

5.2 Review Process

Operating program spending plans submitted to Municipal Affairs will be reviewed for completeness. An acknowledgement of receipt of the operating spending plan will be sent to the municipality from the Minister of Municipal Affairs or his/her delegate.

6. Compliance

6.1 Statement of Funding and Expenditures

Each municipality is required to submit an SFE for the previous calendar year's expenditures in the prescribed format, summarizing the following:

- the MSI operating carry forward amount from the previous year;
- the grant allocation in the reporting year, whether or not it was received;
- income earned and credit items;
- functional categories of the qualifying expenses;
- the actual MSI amounts applied to each functional category; and
- MSI funds to be carried forward to the next year.

Income earned on the MSI operating funding allocation becomes part of the total MSI operating funding available to apply to qualifying expenses.

The SFE must be signed by the Chief Administrative Officer, who certifies that the municipality is in compliance with the terms of the funding agreement and the program guidelines.

As part of the SFE review, Municipal Affairs will randomly assess actual expenditures to ensure that the grant is used for eligible expenses. On an annual basis, a sampling of municipalities will be asked to provide supporting documentation for each of the functional categories that was reported. The supporting documentation will detail and align eligible MSI operating expenditures and actual reported amounts. 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.

The SFE may be subject to review by the Provincial Auditor General.

The SFE must be submitted by May 1 of each year, by mail, fax or email, through the contact information provided in *Section 2.2*.

6.2 Credit Items

Where any credit item results in net proceeds to the municipality, such proceeds shall be credited to the municipality's MSI allocation amounts so as to be available for allocation to other eligible expenses under the program.

Credit items shall be reported on the current year SFE and can include:

- income earned on deposited grant funds;
- the income earned from the sale, trade-in or insurance proceeds of other capital that previously received a financial contribution from the Province;
- the funding from other sources such as developers (excluding off-site levies), railway companies, private organizations and other government agencies (including other provincial government departments) where such funding has been provided for a project funded under the MSI; and
- donations or contributions in-kind including all goods and services.

6.3 Calculation of Income Earned

The municipality must maintain separate accounting records for the 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 Municipal Government Act*. 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.

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
- the estimated (notional) income earned on the funds. For example, multiply the average MSI funding balance over one or more months that the grant funds were held in an account by the average interest rate over those months.

6.4 Project Communication Requirements

In order to recognize the contribution MSI funding is having across the province, municipalities are required to make public a list of all MSI-funded projects (possible options are through council minutes, annual reports, or the local newspaper).

For projects that may merit enhanced public recognition, please contact Municipal Affairs Communications to discuss specific communication activities to highlight the project. Municipalities may wish to consider:

- arranging special events around the start or completion of a project and including the Minister of Municipal Affairs, the local MLA(s), or other Government of Alberta (GOA) representatives in these events;
- providing the Minister or other Government representative the opportunity to announce funding; or
- acknowledging the provincial contribution in a news release that could include a quote from the Minister or other GOA representative.

Contact Municipal Affairs Communications to discuss options for enhanced recognition of MSI projects by calling 780-427-8862 or by sending an email to ma.msicommunications@gov.ab.ca.

6.5 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 completed project(s) or annual operating spending plans.

The main objectives of a site visit are to share a municipality's overall experiences with the program including its 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 tour or view funding results where applicable.

6.6 Amendment Process

2012 and Future Program Years

The MSI Operating Program Spending Plan outlines how a municipality plans to spend its available MSI operating funding. Municipal Affairs does not expect that the estimated expenditures submitted on a spending plan at the beginning of the year will *exactly* match the reported expenditures on the year end 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 considered significant when a municipality's spending estimates are moved to a different functional category than the category originally planned, or when the amount to be spent under a functional category is expected to vary by more than 25 per cent from what was originally estimated on an operating

spending plan. As Municipal Affairs will be reporting on the information collected in municipal operating spending plans, it is important to advise the ministry when there are significant changes to the plan.

2011 Program Year and Earlier

In some cases, a municipality may find that a previously accepted project cannot be completed as originally described. It is Municipal Affairs' intent to accommodate reasonable amendments where possible. To meet program accountability and reporting conditions, a project amendment is required if there is a significant change to a project's scope and/or if the MSI funded amount has increased.

An amendment can also be submitted for decreases in the amount of MSI funding required, should the municipality need to apply the surplus approved project funds to another project.

Amendment requests should be submitted using the **Project Cancellation/Amendment Request Form**, which can be obtained by contacting a Municipal Affairs Grant Advisor. Significant scope amendments may also require that a new project application be submitted. Upon receipt of such a request, a program representative will review the request and provide recommendations to the Minister. Municipalities will be advised in writing of the outcome of the request.

Schedule 1 – How to Complete the Operating Program Spending Plan

The 2012 MSI Operating Program Spending Plan replaces the previous MSI Conditional Operating Project Application. Municipalities are now required to submit one simplified form per year, on which they estimate how funding will be spent in relation to the functional categories of the government-wide objectives for municipal grant funding, instead of submitting multiple project application forms. 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.

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

← Telephone number of the contact person.

If this is a revised operating spending plan, check this box:	<input type="checkbox"/> Yes
---	------------------------------

← Check this box if you have already submitted an operating spending plan in 2012 and this is a revised version of that plan.

Section 2: Estimated Funding Amounts

Estimated 2011 Funding Carried Forward	2012 Allocation	Estimated Total Amount Available
\$0	\$0	\$0
↑	↑	↑
Insert the amount of operating funding that the municipality has carried forward from 2011. ¹	Insert the full amount of the municipality's 2012 MSI operating allocation.	Insert the total of the first and second columns.

Example:

In 2011, the Town of New Sampleford received \$100,000 in MSI operating funding.

- \$90,000 of this funding was allocated to projects; \$10,000 was carried forward to 2012
- One of the 2011 projects, a by-law review, remained incomplete at the end of the year
 - \$5,000 that was intended for the by-law project was carried forward to 2012

The town therefore has \$5,000 of carry forward funding that will be used to complete a project started in 2011, and \$10,000 of carry forward funding to use towards eligible 2012 expenditures, making a total of \$15,000 in carry forward funding.¹

The town has been notified that its MSI operating allocation for 2012 is \$100,000.

The town's total estimated amount available in 2012 is therefore \$115,000.

Estimated 2011 Funding Carried Forward	2012 Allocation	Estimated Total Amount Available
\$15,000	\$100,000	\$115,000

¹ This calculation may be based on an estimated amount of funding to be carried forward, as the actual amount from the certified 2011 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 2011 by-law review (\$5,000 carried forward 2011 funding)
- support its requisition to a regional planning commission (\$20,000 of 2012 funding)
- support the salary of a CAO shared with another municipality (\$50,000 of 2012 funding)
- install an elevator in the arena (\$20,000 of 2012 funding)
- support a local non-profit theatre group (\$5,000 of 2012 funding)
- maintain the transit fleet (fuel, oil changes, etc.) (\$10,000 carried forward 2011 funding)
- support staff professional development (\$5,000 of 2012 funding)

By-law reviews (\$5,000) and regional planning commissions (\$20,000) fall under the Planning and Development functional category. Shared administrative salaries (\$50,000) fall under the General Administration functional category.

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)	\$25,000
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)	\$50,000
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 wages 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

Section 4: Certification

This area must be signed by the municipality's Chief Administrative Officer (or designate) and dated.

By signing this form, the Chief Administrative Officer certifies that the municipality will use its MSI operating funding only on eligible operating expenditures as outlined in these guidelines, 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 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 no longer reported by individual projects, but 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 Schedule 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
<p>General Administration² Activities that provide for the overall operation of the municipality and are common to, or affect all of the services provided by, the municipality.</p> <p>Eligible expenses under this category are limited to those activities that increase the efficiency or effectiveness of overall municipal operations.</p>	<ul style="list-style-type: none"> • Shared administrative staff • Contracted administrative services as part of a joint initiative • Municipal association memberships • Computer hardware and software, including: <ul style="list-style-type: none"> • Peripherals such as printers and scanners • Geographic information systems • Technology support expenses • Telephone systems • Website development • Organizational reviews • Contracted or purchased data gathering
<p>Governance Activities that support the ongoing management of the municipality through its elected officials</p>	<ul style="list-style-type: none"> • Councillor training³ • Exploring opportunities for regional cooperation • E-council initiatives

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.

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

Functional Category	Eligible Expenses
<p>Planning⁴ and Development Activities that contribute to land-use planning, integrated community sustainability planning, or to the economic diversification of the municipality</p>	<ul style="list-style-type: none"> • Operating support for regional planning commissions and municipal planning departments • Contracted planning services • Planning staff salaries, wages and benefits – Development of: <ul style="list-style-type: none"> – Statutory plans (MGA Sections 631-638) – Municipal and intermunicipal development plans – Area structure plans – Area redevelopment plans – Sustainability plans – Land use 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 events³

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.)

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

Functional Category	Eligible Expenses
<p>Culture Activities that support and promote the development of arts and culture within the municipality</p>	<ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> – Small capital purchases/acquisitions • Hosting, rental, travel and accommodation expenses for events⁵ • Plans or feasibility studies related to culture
<p>Children and Family Services Activities that support social programming for people in need, children, families, and seniors</p>	<ul style="list-style-type: none"> • 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 • Non-profit and/or shared municipal staff salaries, wages and benefits <ul style="list-style-type: none"> – Small capital purchases/acquisitions • Physician retention initiatives⁵ • Plans or feasibility studies related to children and family services • Hosting, rental, travel and accommodation expenses for events⁵
<p>Environmental Sustainability Activities that support the protection of the environment</p>	<ul style="list-style-type: none"> • 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 events⁵ • Non-profit and/or shared municipal staff salaries, wages and benefits
<p>Housing Activities that support affordable housing and supportive living options for seniors, low-income families and those with special needs</p>	<ul style="list-style-type: none"> • Operating support for municipal and non-profit assisted living facilities⁵ • Non-profit and/or shared municipal staff salaries, wages and benefits <ul style="list-style-type: none"> – Small capital purchases/acquisitions • Plans or feasibility studies related to affordable housing • Hosting, rental, travel and accommodation expenses for events⁵

⁵ Some exceptions apply. See *Schedule 3* for details.

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

Functional Category	Eligible Expenses
<p>Libraries Activities that support library programming and associated facilities</p>	<ul style="list-style-type: none"> • 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 events⁶
<p>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</p>	<ul style="list-style-type: none"> • Repairs and maintenance⁷ 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
<p>Parks, Sport and Recreation Activities related to the development and operation of facilities and related programming for recreational opportunities such as sports and parks</p>	<ul style="list-style-type: none"> • 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 events⁶ • Plans or feasibility studies related to parks, sport and recreation
<p>Public Security and Safety Activities related to the reduction of crime and the promotion of safe and secure communities</p>	<ul style="list-style-type: none"> • 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 events⁶

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

⁷ See expanded definition of maintenance in *Schedule 4 – Glossary*.

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

Functional Category	Eligible Expenses
<p>Airports Activities related to air transportation services</p>	<ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> – Small capital purchases/acquisitions • Plans or feasibility studies related to airports
<p>Infrastructure Management Activities that support systematic infrastructure planning and management</p>	<ul style="list-style-type: none"> • 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
<p>Public Transit Activities related to the provision of public transit services</p>	<ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> – Small capital purchases/acquisitions • Transit feasibility and implementation studies
<p>Roads and Bridges Activities related to the construction and maintenance of roadways, bridges, and related structures</p>	<ul style="list-style-type: none"> • Maintenance⁸ 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 <ul style="list-style-type: none"> – Small capital purchases/acquisitions – Dust control programs
<p>Solid Waste Management Activities related to the collection and management of garbage and other waste material</p>	<ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> – Small capital purchases/acquisitions • Operating support for regional waste management services commissions • Waste management plans and studies

⁸ See expanded definition of maintenance in *Schedule 4 - Glossary*.

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

Functional Category	Eligible Expenses
<p>Wastewater Activities related to the collection or removal, treatment, and disposal of sanitary sewage</p>	<ul style="list-style-type: none"> • 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
<p>Water Activities related to acquiring, treating, and supplying water</p>	<ul style="list-style-type: none"> • 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
<p>Municipal Careers Internships; succession planning; temporary/seasonal youth employment programs; municipal career promotion initiatives; other support related to hiring incentives</p>	<ul style="list-style-type: none"> • Consultant fees for succession planning • Municipal career promotion initiatives • Advertising and promotional materials related to recruitment • Contracting a recruiting firm
<p>Staff Development Training or courses related to current and future employment; occupational health and safety training; census or election training; formal education subsidies; and conferences</p>	<ul style="list-style-type: none"> • Tuition, books and travel expenses or consultant fees for training or courses related to current and future employment and occupational health and safety⁹
<p>Volunteer Development Training for volunteers and board members; and conferences or other networking events</p>	<ul style="list-style-type: none"> • Tuition, books and travel expenses or consultant fees for volunteer training or courses⁹

⁹ 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 relate 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, zambonis, pickup trucks, cars, buses, aircraft, motor boats, ambulances, fire fighting vehicles, public transit vehicles
- Payments in contradiction of the *Municipal Government Act* (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; or
- 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 now 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 now 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); and/or
- 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, fire fighting 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 tradeshow, 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?

- 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 *Municipal Government Act*, 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.

