

**MUNICIPAL AFFAIRS**  
**MUNICIPAL SUSTAINABILITY INITIATIVE**  
**CAPITAL PROJECT FUNDING**

**2011 Program Guidelines**

**Effective January 1, 2011**  
**[www.municipalaffairs.alberta.ca/msi.cfm](http://www.municipalaffairs.alberta.ca/msi.cfm)**



# Table of Contents

<b>1. GENERAL INFORMATION</b>	<b>3</b>
1.1) Key Dates	3
1.2) Contact Information	3
<b>2. PROGRAM DESCRIPTION</b>	<b>3</b>
2.1) Overview	3
2.2) Program Objectives	3
2.3) Program Eligibility	4
2.4) MSI Funding Formula	4
<b>3. FUNDING CONDITIONS</b>	<b>4</b>
3.1) Project Qualification	4
3.2) Memorandum of Agreement	5
3.3) Minimum MSI Amount for Projects	5
3.4) Contributions to Other Entities	5
3.5) Incurring Capital Project Expenses	6
3.6) Time Period to Use Allocated Funds	6
3.7) Application of MSI Funding to Project Expenses	6
3.8) MSI Funding and Borrowing Costs	7
3.9) Application of Other Grant Funds	7
3.10) Application of Alberta Transportation Project-Specific Funding	7
3.11) Funding Allocations and Municipal Restructuring	8
3.12) Requirements for Award of Contracts	8
3.13) Use of Municipal Forces	8
3.14) Compliance with Provincial Standards	9
<b>4. APPLICATION PROCESS</b>	<b>9</b>
4.1) Annual Application Process	9
4.2) Project Applications	9
4.3) Joint Projects	10
4.4) Multi-Year Capital Plan	10
4.5) Review Process	10
4.6) Payment of Funds	11
<b>5. COMPLIANCE REPORTING</b>	<b>11</b>
5.1) Statement of Funding and Expenditures	11
5.2) Credit Items	12
5.3) Calculation of Interest Earned	12

5.4)	Project Communication Requirements	12
5.5)	Site Visits	13
5.6)	Amendment Process	13
<b>SCHEDULE 1 – ELIGIBLE AND INELIGIBLE CAPITAL COSTS</b>		<b>14</b>
1.a)	Eligible Project Costs	14
1.b)	Ineligible Project Costs	15
<b>SCHEDULE 2 – CAPITAL PROJECT CATEGORIES</b>		<b>16</b>
2.a)	Municipal Roadways, Bridges, and Related Facilities and Equipment	16
2.b)	Public Transit Vehicles and Facilities	16
2.c)	Water Supply, Treatment, and Distribution Systems	16
2.d)	Wastewater Collection and Treatment Systems	17
2.e)	Storm Sewer Drainage Systems and Facilities	17
2.f)	Solid Waste Management Facilities and Equipment	17
2.g)	Police	17
2.h)	Fire	18
2.i)	Disaster and Emergency Services	18
2.j)	Ambulance and First Aid	18
2.k)	Other Protective Services	19
2.l)	Regional and Community Airport Facilities and Equipment	19
2.m)	Common and Equipment Pool	19
2.n)	Infrastructure Management Systems	19
2.o)	General Government and Administration	19
2.p)	Public Health and Welfare	20
2.q)	Parks, Recreation and Sports Facilities	20
2.r)	Libraries	20
2.s)	Other Community and Recreation	20
2.t)	Other	20
<b>SCHEDULE 3 – GLOSSARY</b>		<b>21</b>

# 1. General Information

## 1.1) Key Dates

- April 1, 2011 is the suggested submission date for project applications.
- Statement of Funding and Expenditures (SFE) form for the prior year is due on May 1 of each year.

## 1.2) Contact Information

Electronic file templates for the project application, SFE, and Multi-Year Capital Plan are available on the Municipal Sustainability Initiative (MSI) website. Older versions of these forms from prior years will not be accepted.

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

Alberta Municipal Affairs  
Municipal Services Branch  
Municipal Grants Unit  
17<sup>th</sup> Floor, 10155 – 102 Street  
Edmonton, AB T5J 4L4

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

Fax: (780) 422-9133

Email: [ma.msicapitalgrants@gov.ab.ca](mailto:ma.msicapitalgrants@gov.ab.ca)

MSI website: [www.municipalaffairs.alberta.ca/msi.cfm](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.

These program guidelines apply to MSI capital funding. Information on the MSI Conditional Operating funding can be found on the MSI website at [www.municipalaffairs.alberta.ca/msi-materials-resources.cfm](http://www.municipalaffairs.alberta.ca/msi-materials-resources.cfm).

# 2. Program Description

## 2.1) 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.

The Province sets the general criteria by which projects and activities qualify for funding under this program, and the municipality sets the individual priorities for those projects that qualify.

## 2.2) 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, as well as their long-term infrastructure needs, when determining their MSI project priorities.

Municipalities are also strongly encouraged to support their communities by working together.

An MSI capital project must be for the purpose of providing good government, providing services, facilities or other things that are necessary or desirable for all or part of the municipality, or to develop and maintain safe and viable communities. The project must clearly align with the objectives, criteria, and general types of projects set out in these guidelines.

### **2.3) Program Eligibility**

Only eligible municipalities may submit applications 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), Métis settlement, or the Townsite of Redwood Meadows Administration Society.

### **2.4) MSI Funding Formula**

Municipalities will be advised of their annual MSI funding allocation after the provincial budget has been approved. This allocation is based on the following formula.

The majority of MSI funding will be allocated by the following: 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. Summer villages 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 provided in each year, \$50 million will be 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 these guidelines.

## **3. Funding Conditions**

### **3.1) Project Qualification**

In order to be eligible for program funding, costs must be incurred for projects that result in, or directly relate to and support, the acquisition, construction, development, betterment, or rehabilitation of a capital asset.

The project must be limited to a single building, facility, or piece of equipment. If the project includes a roadway, walkway, water, wastewater, or storm water system, the project application must be for related portions of that system.

Schedule 1 (page 14) provides a list of eligible and ineligible project costs.

Schedule 2 (pages 16 to 20) provides a list of general types of capital projects by category. All projects must align with the general types of projects listed.

### **3.2) Memorandum of Agreement**

MSI funding is administered through a long-term Memorandum of Agreement (funding agreement). This funding agreement covers capital and conditional operating funding under the program from 2008 through 2016. A separate 2007/08 MSI capital agreement covered the 2007 MSI capital funding.

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

- a project application for each project (previously referred to as a Project Profile);
- a Multi-Year Capital Plan (MYCP) showing all projects receiving MSI capital funding; and
- an annual Statement of Funding and Expenditures for the previous year.

### **3.3) Minimum MSI Amount for Projects**

For all project applications received on or after January 1, 2011, the total MSI-funded amount must be at least five per cent of the municipality's annual MSI capital funding allocation for the year of the application.

For municipalities with annual MSI capital allocations over \$20 million, the minimum project threshold will be \$1.0 million.

The minimum project threshold does not apply to projects that involve eligible costs associated with infrastructure management systems or contributions to qualifying projects carried out by:

- neighbouring municipalities (excluding maintenance equipment);
- regional entities that are controlled by two or more municipalities; or
- non-profit organizations.

### **3.4) Contributions to Other Entities**

Municipalities may contribute MSI capital funding to eligible projects that involve assets or land owned by other municipalities, provincially- or municipally-controlled entities, or non-profit organizations as follows:

- a municipality as defined in Section 1 of the *Municipal Government Act*;
- a non-profit organization, as defined in Section 241 of the *Municipal Government Act* (see Glossary page 21);
- a regional services commission established under Part 15.1 of the *Municipal Government Act*;
- a controlled corporation as defined in Section 241 of the *Municipal Government Act*; 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.

A municipal contribution to one of these entities must enable that entity to acquire, construct, develop, better, or rehabilitate a capital asset that will be used to provide or deliver municipal services.

If a municipality chooses to contribute MSI capital funding to one of the entities above, the municipality is responsible for submitting the project application.

## Non-profit Organizations

Municipalities contributing funding to a non-profit organization are required to complete a Supplementary Certification Form certifying that they will:

- bind the non-profit organization to all MSI conditions and obligations that apply to the municipality with respect to the project, including adherence to provincial regulations/standards and departmental access to project records; and
- maintain adequate control over public access to the asset, or over the municipal service that it provides.

In order to protect the municipal interest in the asset or facility and to meet the obligations of the certification, the municipality should enter into a binding legal agreement with the non-profit organization.

Projects involving non-profit organizations must provide a municipal service, and use of the resulting asset must not be limited to cultural or religious groups.

Municipalities must complete and submit a project application form and the Supplementary Certification Form for each project involving a non-profit organization. The form can be found on the MSI website at [www.municipalaffairs.alberta.ca/msi.cfm](http://www.municipalaffairs.alberta.ca/msi.cfm).

### **3.5) *Incurring Capital Project Expenses***

For new projects started on or after April 1, 2007, qualifying project costs will be eligible for funding. For projects started before April 1, 2007 that are no more than 50 per cent complete on that date, qualifying project costs incurred on or after April 1, 2007, will qualify for funding.

Once the municipality's SFE has been certified by Municipal Affairs for a reporting year, costs for that reporting year included on new project applications will not qualify for MSI funding.

### **3.6) *Time Period to Use Allocated Funds***

To provide flexibility in scheduling capital projects, and to accommodate larger projects requiring more than one year's grant allocation, MSI capital funding provided and not expended in one year may be carried forward to the next five subsequent years. This provides a total of six years in which to use allocated funding. The funding must be expended on an accepted project before December 31st of the fifth subsequent year. For example, the 2011 allocation must be expended before December 31, 2016.

Funding that is not expended within this period must be returned to the Province of Alberta.

Where a municipality intends to carry MSI funding forward to a future project, a project application must be submitted for the project. This will ensure that the municipality continues to receive annual funding allocations (see Sections 4.2 and 4.6, pages 9 and 11).

### **3.7) *Application of MSI Funding to Project Expenses***

A municipality may also initiate projects that will be funded wholly, or in part, by estimated future year MSI capital funding allocations. A municipality may allocate up to 75 per cent of their estimated MSI capital funding allocation for the remaining years of the program to one or more projects.

If a municipality chooses to borrow to finance a project, MSI funding should be applied to the actual project costs in the year(s) they are incurred, rather than to the debt payments. For example, if a piece of equipment is purchased in 2011 for \$150,000 and the municipality chooses to finance the purchase over several years, the project application and the Statement



of Funding and Expenditures reporting (see Section 5.1) must still reflect the full project cost of \$150,000 in 2011.

MSI capital funding is subject to program changes and the availability of provincial funding for the program. Acceptance of a project on the basis of estimated future funding allocations does not guarantee program continuance or the timing and amount of future funding.

### **3.8) *MSI Funding and Borrowing Costs***

Borrowing costs on the amount borrowed in advance of receiving MSI funding, commonly known as bridge financing, qualify for MSI capital funding, subject to the following conditions:

- interest costs incurred prior to January 1, 2009 do not qualify for funding;
- borrowed funds must be used to fund qualifying costs that are incurred on or after January 1, 2009;
- interest costs do not qualify if incurred after sufficient MSI funds have been received to fully fund the MSI-funded portion of the project;
- at any time, the MSI-funded borrowing amount for all projects must not exceed one-half of a municipality's estimated ten-year allocation;
- a maximum of seven per cent of a municipality's estimated ten-year allocation may be applied to interest costs across all of a municipality's projects;
- submission of a current ten-year capital plan that includes anticipated expenditures by year for all of the capital projects the municipality intends to complete; and
- submission of a business case for each project that includes, at a minimum, the following:
  - quantification of anticipated cost-savings and/or efficiency gains from completing the project using debt financing;
  - MSI-funded borrowing amount per year;
  - borrowing costs of the MSI-funded borrowing amount per year;
  - non-MSI-funded borrowing amount per year; and
  - borrowing costs of the non-MSI-funded borrowing amount per year.

### **3.9) *Application of Other Grant Funds***

MSI capital funds may be used to fund the municipal contribution of provincial-municipal or federal-municipal grant programs that require a municipal contribution, unless doing so is prohibited by that program. For example, if a municipality is purchasing accessible transit vehicles for \$1.0 million, and is receiving Basic Municipal Transportation Grant funding of \$500,000, MSI capital funds may be used to fund the remaining \$500,000 of transit vehicle costs.

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.

### **3.10) *Application of Alberta Transportation Project-Specific Funding***

Project-specific funding is one-time funding based on the cost of a project. Alberta Transportation has indicated that in order to receive project-specific funding under their programs (such as funding under the Alberta Municipal Water / Wastewater Partnership (AMWWP) program and the Water for Life (W4L) program) the project-specific funding should be approved before utilizing allocation-based funding such as MSI. Therefore, MSI

applications for projects that are also intended to be funded by project-specific funding under Alberta Transportation programs will only be accepted if:

- an award letter has been received from the Minister of Transportation approving the project-specific funding; or
- a letter has been received from Alberta Transportation indicating that proceeding with the project without funding approval (under that program) will not jeopardize funding of the project in the future.

### **3.11) Funding Allocations and Municipal Restructuring**

Municipal restructuring will not negatively affect funding allocations to municipalities 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 amalgamate on June 1, 2011, the restructured municipality will receive the benefit of an MSI allocation calculated as if the two municipalities had not amalgamated, until December 31, 2016. The restructured municipality would receive the total of the two calculated amounts.

Municipalities involved in an amalgamation or dissolution should bring any concerns regarding their MSI funding and/or any proposed expenditures that are awaiting acceptance to the attention of a program representative.

### **3.12) Requirements for Award of Contracts**

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](http://www.newwestpartnershiptrade.ca)), effective July 2010, and the Agreement on Internal Trade ([www.ait-aci.ca](http://www.ait-aci.ca)).

The municipality may award contracts for planning, design, engineering, and architectural services for a municipal capital infrastructure project based on best overall value consistent with the municipality's policies.

The municipality may award contracts for the construction or purchase of a municipal capital infrastructure project by public tender based on either unit prices or lump sum amounts.

Where a municipality has been unable to secure appropriate or cost-effective private sector services, or anticipates that this will be the case, the municipality may propose to utilize its own forces, including municipal staff and equipment, in accordance with Section 3.13.

### **3.13) Use of Municipal Forces**

Where a municipality has been unable to secure an appropriate or cost-effective private sector response to a proposal or tender for a capital project, or anticipates that it will be able to carry out the project on a more efficient or cost-effective basis itself, project costs can include the cost of municipal forces (staff and equipment) used to carry out the project. Costs can include all labour costs, including benefits, attributable to work carried out on the construction site. Labour costs associated with general municipal administration are excluded.

The project application must include a brief rationale to explain how the use of municipal forces and/or equipment will result in a more efficient, timely, or cost-effective project.

### 3.14) **Compliance with Provincial Standards**

Projects that do not meet provincially regulated standards will not qualify for MSI funding.

In cases where a project might be affected by provincially regulated standards (for example, projects along highways and water systems), the project application must include a description of how the project complies with these standards.

Projects that involve regional water distribution and wastewater collection systems must include a description of how the project will appropriately fit within the Alberta Water for Life strategy ([www.waterforlife.gov.ab.ca](http://www.waterforlife.gov.ab.ca)) in the project application.

When a project proposes to include work on a highway under provincial jurisdiction, the municipality must first enter into a separate agreement with Alberta Transportation to permit the municipality to carry out the work within the highway right-of-way.

## 4. Application Process

### 4.1) **Annual Application Process**

The following table summarizes the annual application process. Further details regarding each step are provided in Sections 4.2 to 4.6.

Activity	Date
Submit project application	<b>Suggested submission: April 1</b> of each year
Submit Multi-Year Capital Plan (MYCP)	Initially, for all submitted project applications Thereafter, as required to include new or amended project applications submitted
Review Process	<b>Ongoing</b>
Payment of Grant Allocation	By approximately <b>June 30</b> of each year, following budget approval, and submission of project applications, MYCP and previous year's SFE (see Section 4.6 for payment conditions)
Submit year end SFE	By <b>May 1</b> of following year

### 4.2) **Project Applications**

The municipality must submit separate project applications to Municipal Affairs for each proposed project. The application should clearly identify the specific capital asset to which the project relates.

The objective of the project application is to provide basic information regarding the proposed project, to demonstrate that qualifying expenses have been assigned to the project, and to provide an estimate of annual project costs and funding sources.

To ensure that municipalities receive project funding in a timely manner, project applications that propose to use MSI capital funding for a given year should be submitted prior to April 1 of that year. However, applications can be submitted to Municipal Affairs at any time throughout the year.

If, during the normal course of events, a project changes significantly in either scope or scale, an application form should be updated and re-submitted in accordance with the amendment process described in Section 5.6 (page 13).

#### **4.3) *Joint Projects***

Projects that involve joint funding from two or more municipalities should identify all contributing parties by listing each municipality in the project description section of the application form.

Each municipality must submit an application for its own portion of the project. The municipality that is directly responsible for the project should include the complete financial information (total project costs), while a contributing municipality should only include its own portion of these costs.

#### **4.4) *Multi-Year Capital Plan***

The municipality is required to submit a MYCP, in the most practical format available. The objective of the MYCP is to provide a high level overview of anticipated municipal capital expenditures for all grant supported and non-grant supported capital projects over the planning period. Completion of the plan provides the municipality with a structured basis for prioritizing capital projects, facilitates the development of financial strategies, ensures that critical long term needs are considered in current planning documentation, and supports the community sustainability plan.

The MYCP should be based on the outcome of municipal infrastructure condition reports and/or other planning studies and reports substantiating the need, priority, and timing for the projects. The plan does not have to be prepared in a prescribed format for MSI program purposes. A municipality may submit their existing capital plan as long as all MSI funded projects are listed within the document.

The MYCP should list all proposed capital expenditures for the municipality, and cover at minimum a three-year planning period.

It is acknowledged that the MYCP is an estimate only, and that it will likely change as the condition of existing municipal infrastructure and the needs and priorities of the municipality change. Periodic updating of the plan is recommended. The updated plan is to be submitted to Municipal Affairs if there are significant changes or additions to MSI funded projects.

#### **4.5) *Review Process***

Project applications submitted to Municipal Affairs will be reviewed to ensure they meet the requirements set out in the program guidelines and to ensure that the projects are included in the MYCP. A recommendation will then be forwarded to the Minister. All decisions by the Minister regarding project acceptance are final.

It is anticipated that project applications will be processed and municipalities advised of project acceptance status within ten to twelve weeks.

A municipality may proceed with a project they expect to wholly or partially fund with their MSI allocation prior to receiving notification of acceptance from the Minister if it believes that the project will be eligible under these guidelines. However, if the Minister should deem a project to be ineligible, the municipality will be responsible for bearing the cost of the project and must apply the MSI funding to a different eligible project.

#### **4.6) *Payment of Funds***

Payment of a municipality's annual MSI allocation will follow approval of the provincial budget. Full payment of the 2011 MSI capital funding allocation is conditional on the following:

- submission and Municipal Affairs certification of the 2009 SFE;
- submission of the 2010 SFE; and
- submission of sufficient project applications that commit all 2011 MSI capital funding and the balance of any uncommitted capital funding from prior years.

A payment of half of a municipality's 2011 MSI capital funding allocation will be made based on submission of the 2009 and 2010 SFEs as above, and the submission of project applications that commit at least half of the 2011 MSI capital funding and the full balance of any uncommitted capital funding from prior years. Payment of the balance of the 2011 MSI allocation will be based on submission of applications that commit this balance.

As indicated in Section 3.6 (page 6), project applications can be submitted for projects that will start in future years.

### **5. Compliance Reporting**

#### **5.1) *Statement of Funding and Expenditures***

The municipality will submit one SFE for the previous calendar year's expenditures in the prescribed form, summarizing the following:

- the MSI capital carry forward amount from the previous year;
- the grant allocation in the reporting year, whether or not it was received;
- interest earned and credit items;
- project details and expenditures;
- the actual MSI amounts applied to accepted projects; and
- MSI funds to be carried forward to the next year.

Interest earned on the MSI capital allocation becomes part of the MSI capital funding available to apply to eligible projects, up to the Minister's accepted amount for each project.

The SFE is 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. The projects listed on the SFE must correspond with project applications that have been accepted by the Minister. All supporting documentation, such as reports, drawings, and invoices for each project must be retained by the municipality for a minimum of three years following completion of the project.

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

Submit the SFE by May 1 of each year, via mail, fax, or email to:

Municipal Affairs  
Municipal Services Branch  
Municipal Grants Unit  
17<sup>th</sup> Floor, 10155 – 102 Street  
Edmonton, AB T5J 4L4

Fax: 780-422-9133  
Email: [ma.msicapitalgrants@gov.ab.ca](mailto:ma.msicapitalgrants@gov.ab.ca)

## **5.2) 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 projects when accepted under the program.

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

- Interest earned on deposited grant funds.
- Rent and other income derived from capital assets (including land) purchased for a capital project before project completion.
- Proceeds from the sale of land purchased for a capital project and included in project costs but not required for the project.
- The appraised value of unsold land purchased for a capital project and included in project costs but not required for the project.
- The net salvage value on disposal of any material obtained from removal or demolition of any structure or any part of the facility or goods acquired for construction and not used.
- The income from the sale or trade-in of other capital assets 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.
- Donations or contributions in-kind including all goods and services.

## **5.3) Calculation of Interest 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 Statement of Funding and Expenditures and becomes part of the MSI capital allocation.

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.

## **5.4) Project Communication Requirements**

In order to recognize the contribution MSI funding is having on capital infrastructure initiatives 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 local newspaper).

Municipalities are encouraged to identify appropriate projects that would be suitable for temporary MSI signage and/or permanent plaques. The signs and plaques will highlight the provincial-municipal partnership in providing key municipal infrastructure projects for Alberta

communities. The final decision for the location of temporary signage or permanent plaques is at the discretion of the Minister of Municipal Affairs.

Municipalities must fill out the Project Signage and Permanent Plaques – 2011 Municipal Plan form for all signage and plaque requests. The form, the Project Signage and Permanent Plaques Guidelines, and additional communication materials are available on the MSI website.

For projects that merit enhanced public recognition, specific communication activities may be suggested by the Ministry and could include:

- arranging special events around the start or completion of a project, and including the Minister of Municipal Affairs, the local MLA(s), or other 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.

### **5.5) 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 a completed project(s).

The main objectives of a site visit are to share a municipality's overall experiences with the program including its project selection, application process, 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 works, explore suggestions for improving the program, and to tour or view project results where applicable.

### **5.6) Amendment Process**

In some cases, a municipality may find that a project cannot be completed as originally described. It is Municipal Affairs' intent to accommodate project changes where possible. However, to meet program accountability and reporting conditions, a project amendment is required if there is significant change to project scope, budget, or funding sources, 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 these funds to a different project.

Amendment requests should be submitted using a project application form, identifying in Question 1 that it is an amended application. The amended project application should include:

- the reason for the change;
- the revised project description, if applicable; and
- the revised financial information for the entire project, if applicable.

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 – Eligible and Ineligible Capital Costs

### 1.a) *Eligible Project Costs*

Eligible capital costs can include:

- Borrowing costs on the amount that is to be funded by the MSI, subject to the conditions in Section 3.8.
- Purchase cost of land required for the specific capital project or the appraised value of land owned by the municipality which is to be used for the specific capital project. Where land is purchased for a capital project, the project must be completed within five years from the date of the land purchase. If the land is purchased for transportation or utility corridors, the project must be completed within ten years.
- Purchase of equipment that is a capital asset and that will be used primarily to maintain an asset or system that would qualify as a capital project under these guidelines.
- Purchase cost of rights-of-way, including legal and survey fees.
- Engineering and architecture, including functional planning, design, tender preparation and advertising that are directly related to specific qualifying capital infrastructure projects.
- System-wide reviews where such reviews will have an impact on capital infrastructure expenditures.
- Energy efficiency upgrades to qualifying infrastructure assets.
- Significant enhancements or improvements for the safety of users of a transportation or other municipal infrastructure system.
- Restoration of grass-standard landscaping in areas disturbed by construction or reconstruction of infrastructure facilities.
- Enhanced landscaping where necessary for the mitigation of the environmental impacts of qualifying infrastructure facilities (landscaping that is primarily aesthetic or beautification does not qualify).
- Relocation and adjustment of associated utilities.
- Direct construction supervision.
- Where capital projects are constructed or developed using municipal staff, all labour costs, including benefits, attributable to work carried out on the construction site.
- Where capital projects are constructed or developed using construction equipment that is owned or leased by the municipality, the following costs:
  - costs of locating the equipment at and removing the equipment from the construction site (mobilization and demobilization).
  - all operating, leasing, maintenance, and insurance costs attributable to the use of the construction equipment at the construction site.
- Communications costs, such as temporary project signage, when requested by the Minister of Municipal Affairs.
- Municipal contributions to the types of entities defined in Section 3.4 to enable that entity to carry out eligible projects.



- Other capital infrastructure project costs as may be deemed appropriate by Municipal Affairs.

### **1.b) Ineligible Project Costs**

The following costs **are not eligible** for MSI capital project funding:

- Purchase or replacement of ancillary equipment used to provide services in connection with an infrastructure asset, such as appliances, furniture, and small equipment, unless the costs are incidental to a larger capital project, or are specifically listed in Schedule 2;
- Purchase of new and replacement of heavy construction equipment;
- Costs of maintaining a capital asset (see Glossary page 21);
- Costs of constructing or developing subdivisions. However, some of the costs that are incurred as part of the typical subdivision development process may be eligible under Schedule 2, such as road and sidewalk construction, water and wastewater lines to the property lines, and purchase of transportation and utility corridor rights-of-way;
- Cars and pickup trucks;
- Personal or vehicle-installed remote data access terminals and radios;
- Operating costs;
- Planning expenditures not directly related to specific capital infrastructure;
- Expenditures related to beautification and cosmetic activities, such as holiday lights;
- Loan fees;
- Goods and Services Tax (GST);
- Costs funded under other grant programs; and
- Depreciation or amortization.

Some of these costs, including costs of maintaining a capital asset and general planning activities, may be eligible under other provincial grant programs, including MSI Conditional Operating.

## **Schedule 2 – Capital Project Categories**

The following sections provide lists of general types of capital projects that are eligible for MSI capital funding by category.

### **2.a) *Municipal Roadways, Bridges, and Related Facilities and Equipment***

- Roadways, bridges, and related structures
- Railway or Light Rail Transit (LRT) grade separations and roadway crossings
- Other ancillary works such as sidewalks, commuter bikeways, lighting and energy efficient retrofitting, traffic control signals, pedestrian signals, storm drainage, and utility relocations
- Construction or implementation of traffic management projects such as major intersection improvements, major traffic signal coordination, etc.
- Construction of noise attenuation devices as a part of a qualifying project, and rehabilitation of existing noise attenuation devices on qualifying roadways or transitways, consistent with the municipality's noise attenuation policy
- Municipality-wide or regional transportation planning studies and major infrastructure systems planning reviews
- Pedestrian trail systems along roadways
- Parking facilities
- Transportation studies to address specific environmental and/or safety concerns including environmental impact assessments
- The rehabilitation of gravel roads where new gravel is applied (does not include the re-grading of existing gravel back onto roadways)
- Gravel pits and snow dump sites

### **2.b) *Public Transit Vehicles and Facilities***

- LRT lines, station structures, park and ride facilities, and LRT maintenance facilities. LRT lines must be designated in the municipality's transportation system bylaw
- Major public transit terminals and transit garages
- Purchase of LRT vehicles, "low-floor" standard buses, "low-floor" articulated buses, and accessible community public transit vehicles as well as specialized transit vehicles for seniors and/or persons with disabilities
- Major rehabilitation of public transit vehicles
- Comprehensive transit-stop retrofit programs to achieve a "barrier free path of travel" to accessible transit services
- System-wide capital transit improvement or betterment projects
- Major capital transit security devices, communication equipment, and other public safety enhancements

### **2.c) *Water Supply, Treatment, and Distribution Systems***

- Raw-water supply lines and storage facilities

- Water treatment facilities
- Water quality management and monitoring systems (e.g. SCADA system)
- Water pumping facilities
- Treated-water supply lines, storage facilities and related works
- Water distribution system extensions, betterment, and replacements, including individual services to the property line and municipally owned water meters

#### **2.d) Wastewater Collection and Treatment Systems**

- Sewage collection system extensions, betterment, and replacements, including service mains to the property line
- Wastewater pumping facilities and lift stations
- Sewer lines from the collection system to the wastewater treatment facilities
- Wastewater treatment facilities
- Outfall sewers from the wastewater treatment facilities to the point of discharge or disposal and related works

#### **2.e) Storm Sewer Drainage Systems and Facilities**

- Construction of new storm water ditches and major relocation of existing storm water ditches (does not include routine maintenance or reconditioning of existing ditches)
- Storm water or waterway flooding containment structures
- Storm sewer collection lines including service lines, and catch basins
- Construction of new storm water retention ponds and treatment facilities
- Outfall storm sewers to the point of discharge or disposal and related works

#### **2.f) Solid Waste Management Facilities and Equipment**

- Waste collection depots
- Solid waste and recycling collection container systems
- Recycling and material recovery facilities
- Organics management systems
- Thermal treatment systems
- Waste disposal landfills
- Waste transfer vehicles, landfill compactors, loaders, and material handlers

#### **2.g) Police**

- Police stations
- Police training facilities

- Fixed central communications and computerized information management hardware and software that is integral to the delivery of police services

## **2.h) Fire**

- Fire halls
- Fire training facilities
- Specialized fire fighting and rescue vehicles, including the basic on-board equipment necessary to make the vehicle functional, such as:
  - pumper trucks
  - rapid attack trucks
  - aerial trucks
  - water delivery tankers (or tanker shuttles)
  - dangerous goods spill recovery tankers and related equipment
  - mobile command post vehicles (excluding cars and pickup trucks)
  - equipment vehicles and personnel carriers
  - wildland equipment trailers
- Specialized fire fighting and rescue protective equipment
- Fixed central communications and computerized information management hardware and software that is integral to the delivery of fire services

## **2.i) Disaster and Emergency Services**

- Emergency operations centres
- Emergency vehicle storage and administration facilities
- Multiservice emergency response facilities
- Emergency response telephone systems
- Portable emergency power generators
- Rural signage systems
- Fixed central communications and computerized information management hardware and software that is integral to the delivery of emergency services

## **2.j) Ambulance and First Aid**

- Ground ambulances, as well as the basic on-board equipment necessary to make the vehicle functional
- Ambulance stations
- Fixed central communications and computerized information management hardware and software that is integral to the delivery of ambulance services

## **2.k) Other Protective Services**

- Protective services vehicle garage

## **2.l) Regional and Community Airport Facilities and Equipment**

- Primary runway, cross-wind runways, secondary runways and taxiways, and runway extensions
- Aprons
- Primary taxiway from main/terminal apron to runway
- Airport buildings, including terminals and storage areas/sheds
- Development areas, access roads, fencing and drainage
- Lighting and navigation equipment

## **2.m) Common and Equipment Pool**

- Equipment that is a capital asset and that will be used primarily to maintain an asset or system that would qualify as a capital project under these guidelines such as:
  - tandem trucks
  - motor graders
  - backhoes
  - loaders
  - tractor-mounted equipment
  - bobcats
  - sanding trucks
  - street sweepers
  - gravel trucks
  - snowplows
  - vacuum trucks
  - tractors
  - zambonis
- Maintenance equipment does not include equipment that will be primarily used for capital project construction, rehabilitation, or replacement, pick-up trucks and hand-held equipment

## **2.n) Infrastructure Management Systems**

- Infrastructure management systems capable of recording and retrieving information on various types of infrastructure, including key infrastructure characteristics and condition, on a consistent basis to assist systematic infrastructure planning and management, including:
  - purchase of computer hardware and software to facilitate the Municipal Infrastructure Management System (MIMS) or other infrastructure management systems
  - collection and input of data

## **2.o) General Government and Administration**

- Municipal halls or administrative buildings
- Public works facilities
- Maintenance equipment buildings
- Sand and salt storage sheds

- Operational services buildings
- Rural or remote telecommunications such as fibre optic or copper cable, radio or satellite links in rural areas
- Animal control facilities and shelters

**2.p) Public Health and Welfare**

- Daycare centres
- Seniors' centres
- Family and community support facilities

**2.q) Parks, Recreation and Sports Facilities**

- Recreational and sports facilities
- Campground facilities
- Playgrounds and equipment
- Permanent park facilities
- Public wharves, docks, and piers
- Trail systems

**2.r) Libraries**

- Library buildings

**2.s) Other Community and Recreation**

- Cultural/community centres
- Convention or trade centres
- Exhibition buildings
- Performing arts facilities
- Museums
- Art galleries
- Tourist facilities
- Designated local heritage sites

**2.t) Other**

## Schedule 3 – Glossary

**Betterment:** 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.

**Capital Asset:** an asset that has an expected life of more than one year.

**Maintenance:** 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, such as painting or replacing of flooring in a building; and replacement of individual parts of an infrastructure asset's major components or systems, such as repairing cracks and holes in a road, repairing broken sections of water or sewer lines, or replacing the compressor in a building's air conditioning system.

**Non-profit organization:** an organization defined as

- a society, credit union or co-operative established under a law of Canada or Alberta;
- a corporation that is prohibited from paying dividends to its members and distributing the assets to its members on a winding up; or
- any other entity established under a law of Canada or Alberta for a purpose other than to make a profit.

**Rehabilitation:** the complete replacement or rebuilding of a major component of a capital asset to extend its useful life beyond the original expected or design life. Examples of qualifying rehabilitation projects include:

- repaving or re-gravelling a road surface
- replacing or re-lining a section of water or sewer line between logical system nodes or intersections
- replacing the roof or air conditioning system of a building
- substantial reconstruction of the interior of a building.

**System:** 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.

