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MUNICIPAL AFFAIRS
MUNICIPAL SUSTAINABILITY INITIATIVE

**Conditional Operating Funding
Program Guidelines**

Effective January 1, 2011
<http://www.municipalaffairs.alberta.ca/msi.cfm>

**Government
of Alberta ■**

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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 by May 1 of the current calendar year.

1.2 Contact Information

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
17th Floor, 10155 – 102 Street
Edmonton, AB T5J 4L4

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

Fax: 780-422-9133

Email: ma.msioperatinggrants@gov.ab.ca

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

2. Program Description

2.1 Overview

The Municipal Sustainability Initiative (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 MSI based on local priorities, within the general qualification criteria set out in the program guidelines.

These program guidelines apply to MSI operating funding. Information on the MSI capital funding can be found on the Municipal Sustainability Initiative website at <http://www.municipalaffairs.alberta.ca/msi-materials-resources.cfm>.

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 when determining their MSI project priorities. Municipalities are also strongly encouraged to support their communities by working together.

An MSI operating 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) or Metis settlement, or the Townsite of Redwood Meadows Administration Society.

2.4 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 will 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 the capital guidelines.

3. Glossary (by Related Topic)

3.1 Qualifying Projects and Expenses

“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 costs are qualifying operating expenses, and are eligible for MSI operating funding.

“Operating expense” means most routine non-capital costs incurred by a municipality or organization during normal operations. See **Schedule 1** for examples of eligible projects and **Schedule 2** for a list of qualifying operating expenses.

“Project” means a planned undertaking with a specific purpose (such as to research information or to maintain an asset). MSI operating projects must support qualifying operating expenses generated by the municipality, a non-profit organization, library board, or municipal grant funding board.

3.2 Project Classification

“Feasibility Study” means a study that analyses and evaluates a proposed project to determine if it is technically feasible, if it is feasible within the estimated cost, and if it will meet identified community needs.

“Functional category” means the area of municipal operations that project activities fall under (e.g. planning and development, children and family services, libraries, etc.) Typically, a project will fall under only one functional category, unless the municipal operations are closely linked (e.g. a water/wastewater project).

“Implementation Plan” means a plan that defines and confirms a project’s goals and objectives, identifies tasks and how goals will be achieved, quantifies resources needed, and determines budgets and timelines for completion.

“Strategic Plan” means a broadly-defined plan aimed at creating a desired future. A strategic plan clarifies the overall purpose and desired results of an organization, and outlines how those results will be achieved. The focus of a strategic plan is usually on the entire organization.

3.3 Minimum Project Amount Exemptions

“Joint initiative” means a project that involves two or more municipalities. A project will be considered joint if it meets one of the following criteria:

- The project supports expenses for shared administration;
- The project supports regional or intermunicipal plans or studies;
- The project supports expenses related to the shared delivery of a municipal service; or
- The project supports membership fees or contributions to a pre-existing regional services commission or service agreement.
 - e.g. Regional Library Boards, Waste Commissions, Planning Agencies, etc.

“Non-profit organization” means an organization that is:

- non-governmental (i.e., institutionally separate from governments);
- not profit distributing (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).

“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.

3.4 Third Party Organizations

“**Regional Services Commission**” means a regional services commission established under Part 15.1 of the *Municipal Government Act*.

“**Non-profit organization**” (see **Section 3.3**)

“**Municipal Grant Funding Board**” means a board or similar entity that allocates municipal grant funds to non-profit organizations. A recreation board is one example.

3.5 Non-Qualifying Projects and Expenses

“**Rehabilitation**” means any activity intended to extend the useful life of a fixed asset beyond its original expected or design life.

“**Capital cost**” means the cost of planning, designing, constructing, purchasing, bettering, or rehabilitating a capital asset. Capital costs do not generally qualify for funding under MSI operating funding. However, these costs may qualify for MSI capital funding.

“**Capital asset**” means an asset having an expected life of more than one year.

4. Funding Conditions

4.1 Project Qualification

MSI operating funding is intended to be used for planning activities, capacity building, municipal services, and as assistance to non-profit organizations (see **Schedules 1, 3 and 5**).

MSI operating funding is project-based and can be applied to qualifying project expenses as outlined in **Schedule 2**. The choice of project type is up to the municipality.

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 pertained to the 2007 MSI operating 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);
- 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 received, may be retained by the municipality and expended during the subsequent year on projects accepted by the

Minister. Thereafter, all unexpended funds shall be returned to the Minister of Finance and Enterprise.

4.3 Minimum MSI Amount for Projects

Municipalities must apply a minimum of ten per cent of their annual MSI operating funding allocation to each project.

For municipalities with annual MSI operating allocations under \$10,000, the minimum funding threshold will be \$1,000.

- e.g. If Municipality A has an annual MSI operating allocation of \$140,000, each of its projects must have a value equal to or greater than \$14,000.
- e.g. If Municipality B has an annual MSI operating allocation of \$8,300, each of its projects must have a value equal to or greater than \$1,000.

A number of smaller projects that individually would not meet the minimum funding threshold **may not** be combined in order to meet the threshold.

Projects that support joint initiatives, non-profit organizations, libraries or infrastructure management systems are exempt from the minimum funding threshold. (See **Section 3** for the definitions of “joint initiative” and “non-profit organization”.)

4.4 Incurring Operating Expenses

All qualifying operating expenses for 2011 projects must be incurred after January 1, 2011, and only expended on accepted projects.

4.5 Payment of Funds

Payment of a municipality's annual MSI allocation will follow approval of the provincial budget.

Full payment of the 2011 MSI allocation is conditional on the following:

- submission and Municipal Affairs' certification of the 2009 Statement of Funding and Expenditures (**Section 6.1**)
- submission of the 2010 Statement of Funding and Expenditures; and
- submission of sufficient project applications to commit the balance of any uncommitted operating funding from prior years.

A payment of half of a municipality's 2011 MSI operating allocation will be made based on submission of the 2009 and 2010 SFEs as above, the submission of project applications that commit the full balance of any uncommitted 2007-2009 operating funding from prior years, and the submission of project applications that commit at least half of the 2010 operating allocation. Payment of the balance of the 2011 MSI allocation will be based on submission of applications that commit the remaining 2010 operating allocation.

4.6 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 on accepted projects, 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 2010 funds that are carried forward to the 2011 program year must be used by December 31, 2011.

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 2010 with their 2011 allocation, to be put towards 2011 projects.

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 Province of Alberta.

4.7 Application of Other Grant Funds

MSI operating funding may be used as the municipal contribution to 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.

4.8 Funding Allocations and Municipal Restructuring

Municipal restructuring will not negatively affect the future 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 amalgamated on June 1, 2011, the restructured municipality will receive the benefit of both MSI allocations calculated as if the two municipalities had not amalgamated, until December 31, 2016. The restructured municipality will receive the combined 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 program staff.

5. Application Process

5.1 Annual Application Process

The following table summarizes the annual application process. Further details regarding each step are provided in **Sections 5.2** and **5.3**.

Activity	Date
Submit Project Application	Suggested submission: April 1 of each year
Review Process	Ongoing
Payment of Grant Allocation	By approximately June 30 of each year (see Section 4.5 for payment conditions)
Submit year end SFE	By May 1 of following year

5.2 Project Applications

The municipality must submit a separate project application form to Municipal Affairs for each proposed project. The objective of the project application is to provide basic information regarding the proposed project, to demonstrate that qualifying operating expenses have been assigned to the project, and to provide a budget breakdown of how the grant funds are to be applied.

If during the normal course of events the project changes significantly in either scope or scale, the project application should be updated in accordance with the amendment process described in **Section 6.4**.

An electronic file template for the project application is available at:

www.municipalaffairs.alberta.ca/msi.cfm.

Older versions of the form from prior years will not be accepted.

Signed project applications may be submitted via one of the following methods:

Method of Submission	Submission Address
Mail	Alberta Municipal Affairs Municipal Services Branch Municipal Grants Unit 17 th Floor, 10155 - 102 Street Edmonton, AB T5J 4L4
Fax	780-422-9133
Email	ma.msiooperatinggrants@gov.ab.ca

5.3 Review Process

Project applications submitted to Municipal Affairs will be reviewed to ensure that each project meets the requirements set out in the program guidelines. A recommendation will then be forwarded to the Minister.

It is anticipated that project applications will be processed within ten to twelve weeks pending provincial budget approval. Municipalities will then be notified of their project's acceptance status.

A municipality may proceed with applying funds to a project prior to receiving notification of acceptance from the Minister if it believes that the project will qualify under these guidelines. However, if the Minister should deem a project to be non-qualifying, the municipality will be responsible for bearing the cost of the started project and is required to submit a new project application for the Minister's approval.

6. Compliance Reporting

6.1 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 operating 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;
- the actual MSI amounts applied to accepted projects; and
- MSI funds to be carried forward to the next year.

Interest earned on the MSI operating allocation becomes part of the MSI operating funding available to apply to qualifying 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 review by the Provincial Auditor General.

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

Alberta Municipal Affairs
Municipal Services 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

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 projects accepted under the program.

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

- interest earned on deposited grant funds;
- 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 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 SFE and becomes part of the MSI operating 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.

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 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 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.

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 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.

6.6 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 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 – Operating Funding Projects

MSI operating meets its objectives by supporting non-capital **projects** that contribute to the long-term sustainability of a municipality. A **project** is a planned undertaking with a specific purpose (such as to research information or to maintain an asset).

MSI operating projects are categorized by the type of activity they support (e.g. planning, capacity building, municipal services or assistance to non-profits) and according to their functional category (see **Section 3.2** for a definition of functional category).

A project should fall under only one project category (Question 2 on the project application). The majority of qualifying project expenses should also relate to only one functional category (e.g. a public transit project or a recreational programming project).

The next four sections outline the types of projects that could be supported by MSI operating funding by type of activity and by functional category.

1a. Planning Activities

Funding can be used to support qualifying project expenses related to strategic activities, such as a strategic plan. The funding can also be used to promote and facilitate intermunicipal cooperation in planning matters. **(Please note that planning or studies specific to the feasibility or implementation of a municipal service should be classified under Municipal Services. See Section 3 for plan definitions.)**

Planning Activities: Project Examples

Functional Category	Definition	Qualifying project expenses
Planning and Development	Activities that contribute to land-use planning, integrated community sustainability planning, or to the economic diversification of the municipality	<ul style="list-style-type: none"> • Operating support for planning commissions • Consultant fees and resource expenses related to: <ul style="list-style-type: none"> • Statutory plans (MGA Sections 631-638) • Municipal development plans • 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

See **Schedule 2** for a more detailed list of qualifying project expenses outlined under the Planning Activities category.

1b. Capacity Building

Funding can be used to support qualifying project expenses related to shared administration or capacity building within a municipality. Municipalities may allocate MSI operating funds to projects of an administrative nature only if they increase the efficiency and effectiveness of municipal operations.

Salaries, wages, and other routine administrative costs such as insurance, rent, utilities, and maintenance will only be considered qualifying expenses under Capacity Building if they are part of a joint initiative. (See Section 3 for the definition of “joint initiative”).

Capacity Building: Project Examples

Functional Category	Definition	Qualifying project expenses
Governance	Activities that support the ongoing management of the municipality through its elected officials	<ul style="list-style-type: none"> Tuition or consultant fees for councillor training* Consultant fees to explore and establish opportunities for regional cooperation
General Administration	Activities which provide for the overall operation of the municipality and which are common to, or affect all of the services provided by, the municipality	<ul style="list-style-type: none"> Computer hardware and software, including: <ul style="list-style-type: none"> Peripherals such as printers and scanners Technology support expenses Geographic information systems Data purchase Telephone systems Consultant fees related to: <ul style="list-style-type: none"> Exploring opportunities for shared administration Website development Organizational reviews Data gathering Salary and wage support for shared administrative staff
Infrastructure Management	Activities that support systematic infrastructure planning and management	<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)
Municipal Careers	Activities that support the retention and attraction of skilled employees of local governments	<ul style="list-style-type: none"> Wages and benefits for shared staff and/or interns Consultant fees for succession planning
Staff Development	Activities that support the development of municipal staff	<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 safety*

* Some restrictions apply. Please see Schedule 5 for eligible expenses.

Functional Category	Definition	Qualifying project expenses
Volunteer Development	Activities that promote the development of the non-profit and voluntary sector	<ul style="list-style-type: none"> • Tuition, books and travel expenses or consultant fees for volunteer training or courses*

See **Schedule 2** for a more detailed list of qualifying project expenses outlined under the *Capacity Building* category.

* Some restrictions apply. Please see Schedule 5 for eligible expenses.

1c. Municipal Services

Funding can be used to support qualifying project expenses related to the provision of municipal services. The funding will support the sustainability of municipalities by ensuring that they are able to provide adequate services for Albertans.

Salaries and wages will be considered qualifying expenses under Municipal Services only if they are associated with libraries or a joint initiative. (See **Section 3** for the definition of “joint initiative”).

The provision of municipal services often depends on assets, such as buildings and equipment that are in working condition. Operating funding may be used for the maintenance of such assets.

- Maintenance refers to 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.

MSI operating funding may not be used for the rehabilitation, acquisition, construction, development, and/or betterment of such capital assets.

- Rehabilitation is considered any activity intended to extend the useful life of a capital asset beyond its original expected or design life. These costs may qualify for MSI Capital funding. (See **Section 3** for the definition of “capital asset”)

Salary expenses directly related to capital projects do not qualify under the MSI operating program. Salaries directly related to the construction, purchase, betterment, or rehabilitation of a capital asset may qualify under the MSI Capital program and are excluded from the MSI operating program.

Project feasibility studies and project plans related to municipal services are classified as Municipal Services projects rather than Planning Activities projects. See Section 3 for definitions of feasibility studies and implementation plans.

Municipal Services: Project Examples

Functional Category	Definition	Qualifying project expenses
Culture	Activities that support and promote the development of arts and culture within the municipality	<ul style="list-style-type: none"> • Support for facility and programming operations in the arts and heritage, community halls, museums, community fairs, rodeos and festivals. • Consultant fees for feasibility and implementation plans or studies related to culture. • Non-profit wages and salaries.
Children and Family Services	Activities that support social programming for people in need, children, families, and seniors	<ul style="list-style-type: none"> • Operating support for 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. • Maintenance and operational support for cemeteries and crematoriums • Physician retention initiative support

Functional Category	Definition	Qualifying project expenses
Children and Family Services	Activities that support social programming for people in need, children, families, and seniors	<ul style="list-style-type: none"> • Consultant fees for feasibility and implementation plans or studies related to children and family services • Non-profit staffing for family counselling, parent and child development programs, youth and seniors' drop-in centres, after-school care for school-aged children and day care
Environmental Sustainability	Activities that support the protection of the environment	<ul style="list-style-type: none"> • Replacing existing heating, ventilation and air-conditioning systems with newer, more energy efficient models • Replacing doors and/or windows to reduce heat transfer (gain/loss) • Replacing insulation • Consultant fees for emissions inventories and energy audits • Consultant fees, non-profit or joint initiative salaries and wages to develop and deliver environmental education and awareness initiatives • Educational programming supplies
Housing	Activities that support affordable housing and living options for seniors	<ul style="list-style-type: none"> • Operational support for assisted living facilities* • Non-profit staffing for assisted living facilities • Consultant fees for feasibility and implementation plans or studies related to affordable housing
Libraries	Activities that support library programming and associated facilities	<ul style="list-style-type: none"> • Support for high-speed internet and other technological advancements • Programming supplies • Book and other library material purchases • Consultant fees for feasibility and implementation plans or studies related to libraries • Salaries and wages • Maintenance of library facilities and book collections
Municipal Buildings and Facilities	Buildings and facilities that are necessary to the overall operation of the municipality and which are common to the services provided by the municipality	<ul style="list-style-type: none"> • Maintenance of public works shops • Maintenance of public wharves, docks and other beach infrastructure • Small equipment purchases (See Schedule 5 for more information) • Maintenance and operations of public works equipment and other equipment used to maintain municipal infrastructure • Maintenance of administration buildings where the administration offices are in multi-use facilities (see Schedule 5 for more information) • Maintenance of municipally owned gas utility systems

* Some restrictions apply. Please see Schedule 5 for eligible expenses.

Functional Category	Definition	Qualifying project expenses
Parks, Sport and Recreation	Activities related to the development and operation of facilities and related programming for recreational opportunities such as sports and parks	<ul style="list-style-type: none"> • Operating support for 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 • Small equipment purchases • Contributions to recreation boards • Consultant fees for feasibility and implementation plans or studies related to parks, sport and recreation • Non-profit salaries and wages
Public Security and Safety	Activities related to the reduction of crime and the promotion of safe and secure communities	<ul style="list-style-type: none"> • Operational support for facilities, equipment and vehicles used for services such as police, fire, ambulance and bylaw enforcement including: • Specialized equipment purchases • Emergency measures and disaster services • Policing, bylaw enforcement and animal control contracts • Non-profit salaries and wages
Airports	Activities related to air transportation services	<ul style="list-style-type: none"> • Maintenance and operational support for airports and related infrastructure such as lighting and signage • Consultant fees for feasibility and implementation plans or studies related to airports
Public Transit	Activities related to the provision of public transit services	<ul style="list-style-type: none"> • Operating support for transit vehicles, service buildings, garages, handi-buses and accessible public transit • Non-profit salaries and wages • Consultant fees for transit feasibility and implementation studies
Roads and Bridges	Activities related to the construction and maintenance of roadways, bridges, and related structures	<ul style="list-style-type: none"> • Maintenance and repairs to roadways, bridges, sidewalks, commuter bikeways, lighting, and related maintenance equipment • Consultant fees for traffic management studies • Consultant fees for feasibility and implementation plans or studies related to roadway systems • Small equipment purchases • Dust control programs

Functional Category	Definition	Qualifying project expenses
Solid Waste Management	Activities related to the collection and management of garbage and other waste material	<ul style="list-style-type: none"> • Maintenance and operations of: sanitary landfill sites, incinerators or other plants; trucks and other equipment used for collection; disposal and recycling; and material recovery facilities • Contracts for the collection of garbage and other waste material • Operational support for regional waste services commissions • Non-profit salaries and wages • Consultant fees for waste management feasibility and implementation plans and studies
Wastewater	Activities related to the collection or removal, treatment, and disposal of sanitary sewage	<ul style="list-style-type: none"> • Maintenance and operational support for sanitary sewers and combined sanitary-storm sewers, lagoons, plant and equipment, public comfort stations, catch basins, man holes and booster stations • Contractor fees for reclamation of sludge areas • Operational support for regional wastewater services commissions • Non-profit salaries and wages • Consultant fees for wastewater feasibility and implementation plans and studies
Water	Activities related to acquiring, treating, and supplying water	<ul style="list-style-type: none"> • Purchase of water supply • Purification and treatment supplies • Operation and maintenance of facilities and lines • Operational support for regional water services commissions • Non-profit salaries and wages • Consultant fees for water feasibility and conservation implementation plans and studies • Water meter replacement

See **Schedule 2** for a more detailed list of qualifying project expenses outlined under the *Municipal Services* category.

1d. Assistance to Non-Profit Organizations

Municipalities can access operating funding to enhance their support of non-profit organizations. Often, non-profit organizations provide cost-effective infrastructure and services to communities. Each municipality will have to determine the non-profit organization or organizations that it wants to provide operational funding support to, and in what amount. **Projects that support non-profit organizations are exempt from the minimum MSI funding threshold.**

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.

Contributions to non-profit organizations must support planning activities, capacity building or municipal services.

Funding cannot be used for activities and projects outside Alberta, for religious purposes, for political or lobbying activities, for commercial or for-profit purposes, and for expenses related to fundraising activities such as casinos and bingos. Further, funding cannot be provided to individuals.

Once the project has been accepted by the Minister, the municipality will be able to provide funding to the non-profit organization.

*Please see **Schedules 1 and 2** for examples of projects and expenses that could be supported under this category. **Schedule 3** provides more information on how to apply for these projects.*

Schedule 2 – Qualifying Project Expenses

Further to the general definitions in **Section 3**, qualifying project expenses include, but are not limited to the following:

		Project Categories			
		Capacity Building	Planning Activities	Municipal Services	Assistance to Non-Profit Organizations
Qualifying Expenses	Resources				
	Salaries, wages, and benefits	○	●	○*	●
	Training costs	●	●	●	●
	Consultant fees	●	●	●	●
	Honoraria	○	●	○*	●
	Volunteer development	●	●	●	●
	Support Costs				
	Rent	○	●	●	●
	Utilities	○	●	●	●
	Insurance costs	○	●	●	●
	Computer and software maintenance contracts	●	●	●	●
	Property taxes	○	●	●	●
	Technology support and training	●	●	●	●
	Membership fees for regional organizations	●	●	●	●
	Operating Supplies and Small Equipment				
	Computer hardware and software	●	●	●	●
	Copiers and Fax Machines	○	●	●	●
	Furniture	○	●	●	●
	Telephone systems	●	●	●	●
	Program supplies	○	●	●	●
	Specialized equipment	○	●	●	●
	Handheld/hand-operated tools	○	●	●	●
	Maintenance				
	Paint	○	●	●	●
	Carpet	○	●	●	●
	Cleaning supplies	○	●	●	●
	Roof repairs	○	●	●	●
	HVAC repairs	○	●	●	●
	Window replacements	○	●	●	●
	Other life cycle maintenance	○	●	●	●

Legend	
●	Expense qualifies under this project category.
○	Expense only qualifies under this project category if it is incurred as part of a joint initiative.

* Expense qualifies under this project category if the project supports libraries.

Expenses that do not qualify

The following costs **do not qualify** for MSI operating project funding:

- capital costs, excluding any of the qualifying expenses identified above;
- depreciation;
- Goods and Services Tax (GST);
- income taxes;
- interest;
- loan fees;
- debt principal payments;
- contributions to individuals; and
- costs funded under other grant programs.

Schedule 3 – Allocation of MSI Operating Funding to Third Party Organizations

For any municipality directly allocating part or all of its MSI operating funding to non-profit or other third party organizations (see **Section 3** for the definition of “third party organization”), additional information is required. The municipality must attach the following information to its project application at the time of submission:

1. the **name(s)** of the non-profit or third party organization(s) to receive MSI operating funding support; and
2. the **amount** of MSI operating funding that the municipality will allocate to each organization.

Contributions to non-profit or other third party organizations must support planning activities, capacity building or municipal services.

There is no standard format for providing information on funding allocated to these organizations. Municipalities may provide their allocation information on the project application form (Q. 6), on the attached (Optional) Supplementary Budget Form for Contributions to Third Party Organizations, in the form of a spreadsheet, or by providing copies of existing documentation (e.g. organizational budgets, other documentation collected by the municipality). The following is an example of one format that a municipality may wish to use to supply this information:

Non-profit Organization	Operating Expenses	Total
Victim Services Society Building rental fees	\$ 800	\$ 800
Senior Citizens Centre Wages Programming supplies	\$ 2,500 \$ 1,500	\$ 4,000
Hockey Arena Building maintenance Expansion feasibility study	\$ 1,500 \$ 2,500	\$ 4,000
Recycling Society Education program development	\$ 500	\$ 500
	TOTAL	\$ 9,300

The municipality must communicate to each non-profit or third party MSI funding recipient that any MSI operating funds received may only be used for qualifying operating expenses, as outlined in **Schedules 1d** and **2**. This requirement will be confirmed through a certification on the project application.

Municipalities are not required to provide Municipal Affairs with a list of operating expenses to which a non-profit (or other third party) organization will apply funding. However, it is recommended that this information be collected, as it may be required in future audits. Municipal Affairs staff may also ask to see this information during a municipal site visit.

Schedule 4 – (Optional) Supplementary Budget Form for Contributions to Third Party Organizations

Project Information	
Municipality	
Project Name	
Non-Profit Organization(s)	

Operating Costs Supported by this grant			
Salary, wages, benefits	\$	Copiers and fax machines	\$
Training costs	\$	Furniture	\$
Consultant fees	\$	Phones	\$
Honoraria	\$	Program supplies	\$
Volunteer development	\$	Handheld/hand-operated tools	\$
Rent	\$	Paint	\$
Utilities	\$	Carpet	\$
Insurance costs	\$	Cleaning supplies	\$
Computer and software maintenance contracts	\$	Roof repairs	\$
Property taxes	\$	HVAC repairs	\$
Technology support and training	\$	Window replacements	\$
Membership fees for regional organizations	\$	Other life cycle maintenance	\$
Computer hardware and software	\$	Other ¹ (please specify)	\$

Total operating costs supported	\$
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¹ Please see **Schedules 1 and 2** to ensure that these expenses qualify for MSI operating funding.

Schedule 5 – Frequently Asked Questions

1. Can I use MSI operating funding to support maintenance and operations of the administration building?

- Projects related to routine administration are not eligible for MSI operating funding.
- If the administrative offices are in a multi-use facility (e.g. a facility that includes space dedicated to the delivery of a municipal service, where the space is accessible to the public on a regular basis or is used directly to deliver the specific service), MSI funding may be used to repair and maintain the building.
- Dedicating the use of administration office space for department heads (i.e. the fire chief's office) or making meeting rooms available to community groups for organizational meetings does not qualify an administration building as a multi-use facility.
- To qualify, the space must be used for programming or direct service delivery, for example: library services, performance hall, fire hall, ambulance station, day care, museum, senior drop-in centre, or family and community support services counselling offices.
- Projects that affect only the administration area of the building (e.g. painting the administration offices but not the public areas) remain ineligible.

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. 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.

4. 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
- Non-qualifying learning opportunities:
 - Training programs that are ongoing in nature (e.g. regular staff planning, annual conferences/conventions, annual meetings, etc.)
 - Trainers whose subject matter is not directly related to municipal leadership, administration or operations
 - Training that primarily focuses on using a consultant such as a former CAO to coach and mentor a new CAO

5. What is considered “maintenance” under MSI operating funding?

- An activity will be considered maintenance if it is routine and its purpose is to ensure that the asset is able to meet its expected design life and purpose.
- An activity that changes the structure and/or function of an asset will be considered rehabilitation/betterment and as such **will not** qualify under MSI operating.
- The purchase of a replacement part for a capital asset that does not change the function will qualify under MSI operating.
- The purchase of a replacement asset will only be considered maintenance if it is a component of a larger system (e.g. sprinkler head as part of irrigation system).

- When replacing a component of a system, the system’s functionality may be enhanced as a result of technological improvements in the component. This type of replacement is still acceptable under the MSI operating program.

Examples (this list is not exhaustive):

Maintenance activity	Qualifying	Non-qualifying
Parks and Recreation	<ul style="list-style-type: none"> • Tree/shrub/flower replacement (part of forest/park system) • Repairs to existing playground equipment • Purchase of small/specialized equipment • Re-grading to ensure drainage 	<ul style="list-style-type: none"> • Purchase/replace benches, picnic tables, signage, etc. • Purchase and installation of new and/or replacement playground equipment • Re-grading/landscaping to alter appearance and/or structure • New fencing
Utilities	<ul style="list-style-type: none"> • Gas/water meters (part of utility systems) • Lift station pumps (part of water system) • Repairs and maintenance • Purchase of small/specialized equipment 	<ul style="list-style-type: none"> • Construction of new facilities • Installation of new tanks • Reclamation of landfill site
Municipal Buildings (excluding administration buildings)	<ul style="list-style-type: none"> • Window/door replacements • Washroom modernizations • Painting • Installation or replacement of fire alarms or security systems 	<ul style="list-style-type: none"> • Construction of new facilities • Additions to facilities • Structural changes to buildings (e.g. installation of elevator) • Rehabilitation to change the use of a facility
Transportation	<ul style="list-style-type: none"> • Sidewalk curb cuts • Replacing squares of sidewalk (part of sidewalk system) • Pothole patching 	<ul style="list-style-type: none"> • Curb to curb road paving • Fencing • New sidewalks or trails • New or replacement traffic signs

6. 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 host 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

7. How do I determine whether the small or specialized equipment I want to purchase will qualify for MSI operating?

- Any type of equipment that is stationary (fixed to the ground or that cannot be manually moved) will not qualify for MSI Operating support.
- Any equipment that can be driven will not qualify for MSI Operating support.
- Attachments to heavy equipment will qualify only if they are life cycle replacement pieces (e.g. worn-out blades).
- Qualifying specialized equipment generally falls into one of four categories:
 - Instrumentation²
 - Handheld mechanical tools used for infrastructure maintenance
 - Handheld equipment related to the delivery of emergency services
 - Office equipment

² The coordinated use of electrical, mechanical, or computerized tools for delicate or precision work (e.g. security system, water quality monitoring system, etc.) and the underlying electrical systems.

Examples (this list is not exhaustive):

Equipment	Qualifying	Non-qualifying
Computer/ Technology Equipment and Other Systems	<ul style="list-style-type: none"> • Computer • Server • Cables • Webcams • Microphones • GPS units • Printers • Projection screens • Telephone systems 	Photocopier (unless part of a larger printer/scanner unit linked to the computer system)
Maintenance Equipment	<ul style="list-style-type: none"> • Chain-saw • Shovel, rake, hoe • Push lawn mower • Sewer cameras • Water monitoring system • Lifecycle replacements of heavy equipment attachments (e.g. worn-out blades) 	<ul style="list-style-type: none"> • Motorized, drivable equipment • Heavy-duty construction equipment • Trucks • Tractors • New attachments for heavy equipment that modify the function of a piece of equipment (e.g. buckets, blades, etc.)
Protective Equipment	<ul style="list-style-type: none"> • Uniforms • Police equipment • Fire equipment • Medical equipment for EMS 	<ul style="list-style-type: none"> • Fire trucks • Police cars • Ambulances
Recreation & Culture Equipment	<ul style="list-style-type: none"> • Sport equipment (balls, bats, pads, etc.) • Lighting and sound systems • Soccer nets 	<ul style="list-style-type: none"> • Benches and picnic tables • Kiln • Basketball hoops • Goal posts • Standalone signage

8. 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

9. 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.

