

MUNICIPAL AFFAIRS
MUNICIPAL SUSTAINABILITY INITIATIVE

**Conditional Operating Funding
Program Guidelines**

Effective January 1, 2009
www.municipalaffairs.alberta.ca



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1. What's New?

The Municipal Sustainability Initiative (MSI) operating guidelines have been updated to ensure that the Municipal Sustainability Initiative (MSI) will continue to be accountable to Albertans and meet its objectives. The new guidelines provide greater clarification on the operating nature of the program, the funding conditions and the application process. The following changes have been incorporated into the guidelines:

- Project Profiles for 2009 MSI operating funding can be submitted to Municipal Affairs at any time prior to July 1, 2009. In future years, Project Profiles can be submitted at any time prior to April 1.
- Effective January 1, 2009, municipalities must comply with a minimum operating funding threshold per project. The threshold will be equal to the greater of ten percent (10%) of a municipality's annual allocation for the year or \$1,000. Projects that support joint initiatives, non-profit organizations, or libraries are exempt from the minimum funding threshold (see **Section 5.2**).
- The *Municipal Administration* project category has been replaced with a new category called *Capacity Building*. Under this new category, the focus of eligible projects will shift from routine administrative projects to projects that are strategic and promote improved efficiency and effectiveness of municipal operations (see **Schedule 1b**).
 - Under *Capacity Building*, salaries, wages, and other routine administrative costs such as insurance, rent, utilities, and maintenance will only be considered qualifying expenses if they are part of a joint initiative (see **Schedule 1b**).
- Under *Municipal Services*, salaries and wages will only be considered qualifying expenses if they are associated with libraries or a joint initiative (see **Schedule 1c**).
- Salary expenses directly related to capital projects do not qualify under the MSI operating program (see **Schedule 1b**).
- The maintenance of an asset is a qualifying operating expense, whereas the rehabilitation of an asset is not a qualifying expense and may be eligible for MSI capital funding (see **Schedules 1c** and **2**).
- Project information requirements involving non-profit organizations, and the types of expenses that are ineligible, have been clarified. Specifically, 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. Also, funding cannot be provided to individuals (see **Schedules 1** and **3**).
- Additional communication requirements and considerations are included in the program guidelines (see **Section 6.9**).

- In the event that funding cannot be applied or a project cannot be completed by the end of the calendar year, a municipality will be able to carry forward the funding and/or project to the next calendar year (see **Section 5.4**).
- For 2009 MSI operating funding to be released to a municipality, the municipality must have submitted its 2007 and 2008 Statement of Funding and Expenditures (SFEs). In addition, the 2007 SFE must be certified and sufficient Project Profiles submitted to account for its 2007 and 2008 allocation (see **Section 6.5**).
- The formatting of the Project Profile form has been revised, and more space has been provided to answer each question. While the form may appear longer, it collects the same information as the 2008 Project Profile. (The only exception is an acknowledgement that is specific to projects that distribute funds to non-profit organizations or municipal grant funding boards.)

2. General Information

2.1) Key Dates

- Project Profiles are due April 1 of each year.

Exception for 2009 Funding

Project Profiles for 2009 are due on July 1, 2009.

- Statement of Funding and Expenditures form for the prior year is due on May 1 of the current calendar year.

2.2) Contact Information

The Project Profile and Statement of Funding and Expenditures forms are available at www.municipalaffairs.alberta.ca under Municipal Grants.

All correspondence and questions should be directed to the contact information below. Signed Project Profiles and Statements of Funding and Expenditures may be submitted by mail, email or fax.

Alberta Municipal Affairs
Municipal Services Branch
Municipal Grants and Information Services 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: www.municipalaffairs.alberta.ca

3. Program Description (MSI Capital and Operating)

3.1) Overview

The MSI is the Province of Alberta's commitment to provide significant long-term funding to enhance municipal sustainability and to enable municipalities to meet the demands of growth. These objectives are being met by providing conditional grants to municipalities for the ten year period from 2007/08 until 2016/17.

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.

These program guidelines apply to MSI operating funding, and have been updated from the 2008 version. Information on the MSI capital funding can be found on the Municipal Affairs website at www.municipalaffairs.alberta.ca.

3.2) Program Objectives

The objectives of the MSI are:

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

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

3.3) 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.

All municipalities with populations of 100 or greater received \$35,000 in base funding in 2008, and will receive the same in 2009. Starting in 2010, the annual base funding will increase to \$120,000.

Municipalities with populations less than 100 received pro-rated base funding of \$350 per capita in 2008, and will receive the same in 2009. Starting in 2010, this amount will increase to \$20,000 plus \$1,000 per capita. Summer villages will receive 50 per cent of this base allocation.

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.

3.4) 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.

4. Definitions

“**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.

“**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.

“**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.

“**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.

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

- non-governmental (i.e., is institutionally separate from governments);
- not profit distributing (i.e., does not return any profits generated to its owners or directors);
- self-governing (i.e., is independent and able to regulate its own activities); and/or
- voluntary (i.e., benefits to some degree from voluntary contributions of time and/or money).

“**Operating 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 focused undertaking by a municipality that generates related qualifying operating expenses or results in the allocation of MSI operating funding to a non-profit organization, library board, or municipal grant funding board.

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

“**Rehabilitation**” means any activity intended to extend the useful life of a fixed asset beyond its original expected or design life. Rehabilitation costs do not generally qualify for funding under MSI operating funding, however these costs may qualify for MSI capital funding.

5. Operating Funding Conditions

5.1) *Project Qualification*

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

MSI operating funding is project-based and can be applied to qualifying operating expenses as outlined in **Schedule 2**. The choice and definition of a project is up to the municipality, but the project should be comprised of related qualifying operating expenses, rather than a group of unrelated items.

5.2) *Minimum MSI Funding Threshold*

Effective January 1, 2009, 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, or libraries are exempt from the minimum funding threshold. (See **Section 4** for the definitions of “joint initiative” and “non-profit organization”).

5.3) *Incurring Operating Expenses*

All qualifying operating expenses for 2009 projects must be incurred between January 1 and December 31, 2009.

5.4) *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 applied towards accepted projects, the unapplied funds can be carried forward to the next calendar year. In the same manner, if an accepted project cannot be

completed during the current funding year, the project may be carried forward to the next calendar year.

Funds can only be carried forward for one calendar year. That is, any 2009 funds that are carried forward to the 2010 program year must be used by December 31, 2010. Likewise, 2009 projects carried forward to the 2010 program year must be completed by December 31, 2010.

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 2008 with their 2009 allocation, in a single project.

Municipalities will indicate their intent to carry forward unapplied funds and/or incomplete projects to the next calendar year on their Statement of Funding and Expenditures (see **Section 6.7**). Funding that is not expended at the end of the carry forward year must be returned to the Province of Alberta.

5.5) *Application of Other Grant Funds*

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

5.6) *Funding Allocations and Municipal Restructuring*

Municipal restructuring will not negatively affect the 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, 2008, the restructured municipality will receive the benefit of an MSI allocation calculated as if the two municipalities had not amalgamated, until December 31, 2013. 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.

5.7) **Credit Items**

The following credit item shall be added to the municipality's MSI allocation amount:

- Interest earned on deposited MSI grant funds.

The credit item amount will be available for allocation to accepted projects under the program.

6. **Application Process**

6.1) **Annual Application Process**

The following table summarizes the annual application process. Further details regarding each step are provided in **Sections 6.3 to 6.8**.

Activity	Date
Submit Project Profile	April 1 of each year (contact program staff if an extension is needed). 2009 project profiles are due by July 1, 2009.
Review Process	Ongoing
Payment of Grant Allocation	By approximately June 30 of each year (see Section 6.5 for payment conditions)
Submit year end Statement of Funding and Expenditures	By May 1 of following year

6.2) **Memorandum of Agreement**

MSI funding is administered through a long-term Memorandum of Agreement (funding agreement). This funding agreement covers grant payments 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 Profile for each project; and
- an annual Statement of Funding and Expenditures for the previous year.

6.3) **Project Profiles**

The municipality must submit a separate Project Profile form to Municipal Affairs for each proposed project. The objective of the Project Profile 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.

The Project Profiles can be submitted to Municipal Affairs at any time prior to the application due date for that year. For example, Project Profiles for 2009 MSI

funding must be submitted by July 1, 2009. Please contact program staff if an extension is required.

If during the normal course of events the project changes significantly in either scope or scale, the Project Profile should be updated and resubmitted in accordance with the amendment process described in **Section 6.8**.

6.4) Review Process

Project Profiles 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 Profiles will be processed within ten to twelve weeks pending provincial budget approval and acceptance of the municipality's prior year's MSI operating Statement of Funding and Expenditures. 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 reapplying the MSI operating funding to a new, qualifying project.

6.5) Payment of Funds

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

Full payment of the 2009 MSI allocation is conditional on the following:

- submission and Municipal Affairs' certification of the 2007 Statement of Funding and Expenditures (**Section 6.7**)
- submission of the 2008 Statement of Funding and Expenditures; and
- submission of sufficient 2009 Project Profiles that commit the balance of any uncommitted 2007 and 2008 operating funding.

A payment of half of a municipality's 2009 MSI allocation will be made based on submission of the 2007 and 2008 Statements of Funding and Expenditures as above, and the submission of 2009 Project Profiles that commit at least half of the balance of any uncommitted 2007 and 2008 operating funding. Payment of the balance of the 2009 MSI allocation will be based on submission of 2009 Project Profiles that commit the entire balance of uncommitted 2007 and 2008 operating funding.

6.6) Municipal Administration of Funds

The municipality must maintain separate accounting 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 the income earned on the funds is to be

reported on the Statement of Funding and Expenditures and applied towards one or more qualifying MSI projects.

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. Please contact Municipal Affairs staff for further information or an example of this calculation.

6.7) Statement of Funding and Expenditures

The municipality will submit one Statement of Funding and Expenditures (SFE) for the previous calendar year's expenditures in the prescribed form, summarizing any prior year carry forward, the annual grant allocation, the actual amounts applied to accepted projects, and funds or projects to be carried forward to the next year.

Any interest earned on the carry forward amount and the allocated grant funding should be included on the SFE. All projects included on the SFE must be accepted prior to SFE submission.

The SFE for expenditures from the previous calendar year must be submitted by May 1 of each year.

The SFE is signed by the Chief Administrative Officer, which certifies that the municipality is in compliance with the terms of the funding agreement and the program guidelines. The projects listed on the SFE will be reviewed for consistency with the accepted project(s).

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

6.8) 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 delays and problems where possible. However, to meet program accountability and reporting conditions, municipalities requesting significant changes to the scope, budget, or completion date of a project, must submit a written request for an amendment that includes at a minimum, the following:

- an explanation for the change;
- a revised Project Profile (if budget or scope has changed); and
- a breakdown of the funds expended to date and a revised completion date (if project completion cannot be met within mandatory timelines).

Upon receipt of such a request, program staff will consider the request and provide recommendations to the Minister or his representative. Municipalities will be advised in writing of the outcome of the request.

6.9) Communications

Municipalities will be required to make public a list of projects using MSI funding (possible options are through council minutes, annual reports, or local newspaper.)

Municipal Affairs may, for projects designated at the discretion of the Ministry, require a municipality to publically recognize the Government of Alberta's (GOA) MSI funding contribution. At the time a project profile is approved, Municipal Affairs will indicate whether a municipality will be asked to work with the Ministry to develop a joint communications plan for the project. This plan, which will be subject to Ministry approval, may include one or more of the following communications activities:

- involving the Minister of Municipal Affairs or other GOA representative in a ribbon cutting ceremony;
- arranging special events;
- providing the Minister or other GOA representative the opportunity to announce funding;
- acknowledge the provincial contribution in a news release that could include a quote from the Minister or other GOA representative; or
- local advertising and/or signage at the project/facility acknowledging the provincial funding for the project.

6.10) Site Visits

On an annual basis, program staff may select and visit a number of municipalities to discuss activities and view completed projects related to the MSI.

The main objectives of the site visit are to review a municipality's experiences with its project(s) and expenditures under the program, and to explore 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, review the municipality's particular experiences and circumstances, and to tour or view project results where applicable.

Schedule 1 – Operating Funding Projects

Outlined below are the types of projects related to planning activities, capacity building, municipal services, and assistance to non-profit organizations that could be supported by MSI operating funding.

Municipalities should consider this funding as an opportunity to offer new or enhanced services, investigate new ways to work with other municipalities, and to review municipal operations to ensure they are contributing to the municipality's long-term sustainability.

Refer to **Schedule 2** for a detailed list of qualifying operating expenses.

1a. Planning Activities

The funding can be used to support qualifying operating expenses related to planning activities. The funding can also be used to promote and facilitate intermunicipal cooperation in planning matters.

Qualifying Planning Activities projects can be related to:

- the development or updating of statutory and non-statutory plans and studies, such as:
 - municipal sustainability plans;
 - municipal and/or intermunicipal development plans;
 - land-use and development studies;
 - bylaw reviews and updates;
 - feasibility studies;
 - facility needs assessment;
 - area structure plans;
 - area redevelopment plans;
 - environmental plans;
 - economic development plans; and
 - other strategic plans.
- the resources and equipment necessary to conduct this planning work and expenses related to carrying out public consultations in developing a plan.

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

1b. Capacity Building

The funding can be used to support qualifying operating 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 4** for the definition of “joint initiative”).

Qualifying Capacity Building projects can be related to:

- consultation projects to explore opportunities for shared administration;
- shared use of municipal personnel such as: chief administrative officers, finance staff, legal staff, assessment staff, and communications staff;
- organizational reviews and strategic planning to ensure municipal resources are aligned to support municipal operations;
- training and professional development for municipal staff and elected officials;
- tools that promote efficiency and effectiveness of municipal staff and elected officials, such as computer hardware and software; and
- other information technology tools and solutions such as Municipal Infrastructure Management System (MIMS) and software related to the management of tangible capital assets (TCA).

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

1c. Municipal Services

The funding can be used to support qualifying operating 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 only be considered qualifying expenses under Municipal Services if they are associated with libraries or a joint initiative. (See **Section 4** for the definition of “joint initiative”).

Qualifying Municipal Services projects can be related to:

- exploring opportunities for or undertaking shared service arrangements, new or existing cost-sharing agreements, partnership activities and service delivery;
- municipal services such as water treatment, sanitary sewage collection, garbage collection, policing, emergency and fire services, bylaw enforcement, ambulance services, solid waste management, economic development, regular and accessible transit services, affordable housing, and seniors housing;
- operation of public recreation facilities and parks, and activities related to recreational programming and operations;
- physician retention initiatives, including support of medical clinic operating expenses, rental costs, and property tax relief;
- regional services commissions; and
- support to library boards for the operation of municipal and regional libraries.

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 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 4** 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.

See **Schedule 2** for a list of qualifying operating 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 would 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.

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.

See **Schedule 2** for a list of qualifying operating expenses outlined under the Assistance to Non-Profit Organizations category and **Schedule 3** for more information on allocating MSI operating funds to non-profit organizations.

Schedule 2 – Qualifying Operating Expenses

Further to the general definitions in **Section 4**, qualifying operating 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	○	●	●	●
	Phones	○	●	●	●
	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 Non-Profit Organizations

For any municipality allocating part or all of its MSI operating funding to non-profit organizations, either **directly**, or **indirectly** through a municipal grant funding board, additional information is required. The municipality must attach to its Project Profile the following information at the time of submission:

1. the **names** of the non-profit organizations to receive MSI operating funding support;
2. the **amount** of MSI operating funding that the municipality will allocate to each non-profit organization; and
3. a **breakdown** of the qualifying operating expenses incurred by the non-profit organization to which the MSI operating funding will be applied. Please refer to **Schedule 2** for a detailed list of qualifying expenses that must be identified (e.g. wages, rent, volunteer development, utilities, and office supplies).

Also, the municipality must communicate to each non-profit organization and/or municipal grant funding board that any MSI operating funds received by non-profit organizations must 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 Profile, for these projects.

There is no standard format for providing information on funding allocated to non-profit organizations. A municipality may choose to provide the information in the form of a spreadsheet or provide copies of existing documentation. The following is an example of one format that a municipality may wish to use when supplying this information:

Non-profit Organization	Operating Expenses	Total
Victim Services Society Building Rental Fees	\$ 800	\$ 800
Senior Citizens Centre Wages Programming Costs	\$ 2,500 \$ 1,500	\$ 4,000
Hockey Arena Building Maintenance Utilities	\$ 1,500 \$ 1,500	\$ 3,000
	TOTAL	\$ 7,800

