

**ALBERTA
CITIES
TRANSPORTATION
PARTNERSHIP**

**ADMINISTRATIVE
PROCEDURES
MANUAL**

BASIC CAPITAL GRANT

Part 2

Application and Reporting Guidelines

JULY 2001

Updated January 2005

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For detailed information on grant program guidelines see
Basic Capital Grant Part 1 – Program Guidelines.

Note:

In this document:

TRANS refers to **Alberta Transportation.**

MGMA refers to the **Municipal Grant Management Application,**
an interactive web-based grant application and reporting system.

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2 STEPS AND AIDS IN COMPLETING THE APPLICATION / REPORTING PROCESS

2.1 ANNUAL APPLICATION, STATEMENT, AND GRANT ADVANCE CYCLE FLOW CHART

The following chart outlines, in general terms, the various stages and actions necessary to successfully complete one grant cycle. This process is repeated annually.

Commencing in April, 2008, all Application and Reporting is via the internet-based Municipal Grant Management Application (MGMA)

<u>STEP</u>	<u>DOCUMENTATION</u>	<u>NOTES AND ACTION BY</u>
	Program Agreement	<ul style="list-style-type: none"> • Prepared by TRANS and signed by the municipality and TRANS at the beginning of the program.
1.	Project Profile	<ul style="list-style-type: none"> • Submitted by municipality using MGMA at any time during the program for review by TRANS • Where possible, new profiles should be submitted in groups prior to April 1 of each year • Provides general project information • Project Status is updated in MGMA by TRANS
2.	Application For Program Acceptance	<ul style="list-style-type: none"> • Assembled in MGMA from Project Profiles Provides updated summary project and/or program budget information for coming year. Response from TRANS optional.
3.	Multi-Year Capital Infrastructure Plan	<ul style="list-style-type: none"> • Assembled in MGMA from Project Profiles. • Provides a summary of all accepted and proposed projects in MGMA for the next 10 years. • Response from TRANS optional.
4.	Project Acceptance and Grant Commitment	<ul style="list-style-type: none"> • Letter sent to municipality from TRANS. • Project "Status" in MGMA updated by TRANS
5.	Previous Years Statement of Funding And Expenditures	<ul style="list-style-type: none"> • Assembled / Submitted in MGMA • Signed hard copy submitted by municipality as a supplementary document, before June 30. • Represents the previous years actual grant expenditures. • Response letter from TRANS.
6.	Payment of Grant Allocation	<ul style="list-style-type: none"> • Sent by TRANS to municipality via electronic transfer (EFT).
7.	Repeat from Step 2 for each calendar year	<p><i>The grant cycle for any calendar year has duration of approximately eighteen months and overlaps the cycle for both the next and previous years.</i></p>

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2.2 GRANT APPLICATION PROCEDURES

The B.C.G. is administered through a conditional agreement with each city. Under this agreement, grant funds will be advanced to each city following the Minister's review and acceptance of the city's program.

- 2.2.1 Each city will be required to enter into a B.C.G. Agreement with the Province.
- 2.2.2 Each city is to submit, on an annual basis, a Preliminary Application for Program Acceptance along with appropriate Project Profiles through MGMA system by November 30 annually. This preliminary application will be used for budgeting purposes as well as to identify any concerns that TRANS may have with the city's intended program. The requested Basic Capital Grant budget will be based on the applications received from the cities. Failure to submit a preliminary grant application by November 30 may result in the city losing its grant allocation for the upcoming year.
 - 2.2.2.1 A final Application for Program Acceptance (A.P.A.) is to be submitted through MGMA no later than April 1 annually.
 - 2.2.2.2 Format sample for the Project Profile can be found in MGMA Training Guide and an explanation on how to fill out.
 - 2.2.2.3 Sample format completed A.P.A. in MGMA demonstrates how to carry-forward any un-applied "Provincial Share Eligible" to a subsequent year.
 - 2.2.2.4 Additional project applications will be considered up to September 1 of each year provided supplementary A.P.A. forms are submitted using MGMA. Each city is advised, however, to include as many projects as possible on their initial application because of the length of time required to process the application.
 - 2.2.2.5 The city should apply for cost-sharing prior to initiating any project. Projects will not be accepted for cost-sharing if they have already been completed or are substantially underway.
 - 2.2.2.6 The city will **not** be allowed to accumulate significant grant debt and apply to claim this debt against future year grants. The approved program must recognize the grants available. Some flexibility in scheduling of major projects will be provided, however, this must be mutually agreed prior to proceeding with the project.
 - 2.2.2.7 Once a project is accepted for cost-sharing under the B.C.G., any carryover of the project to a subsequent year will normally be accepted provided it is included on the subsequent year's application form.
- 2.2.3 Along with their program application the city is to also indicate their best estimate of any surplus or carryover of provincial funds from the previous year.

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- 2.2.4 The Minister will advise the city of the acceptance of major projects and total grant funds to cover the provincial share. Regional Grant administration staff will follow up on the acceptance of smaller projects, the details of grant payment advances and all other administrative/technical matters.
- 2.2.5 Any interest earned on provincial funds held by the cities can only be applied to accepted projects and will be used to reduce project costs. A sample interest calculation can be found in Section 3.
- 2.2.6 Prior to advancing new funds, each city is required to submit a Statement of Funding and Expenditures (S.F.E.), before July 1 annually using MGMA system, which reflects the previous year's project expenditures. Sample format S.F.E. forms can be used in MGMA.
- 2.2.7 The final signed copy of all Applications and Statements should be sent to the Regional Director for review and acceptance.
- 2.2.8 To facilitate the submission and early processing of any application, statement, project profile, capital plan, or other required documentation; the documentation may be submitted electronically to MGMA, however, any document requiring a signature may not be considered as "official" until the signed hard copy is received by the Regional Director. For further information regarding submitting electronic data, please contact the Regional Transportation Manager.

2.3 GRANT FUNDING AVAILABLE

Under the B.C.G. each city (excluding Calgary and Edmonton) will be eligible for an annual contribution from the Government based on the previous year's population and a per capita funding rate approved by the Minister. The population figure used in the grant calculation is the official census population published by Alberta Municipal Affairs. In addition:

- 2.3.1.1 Maximum annual per capita grants will depend on the approved Provincial budget.
- 2.3.1.2 Approved grants will be based on Provincial Share of approved projects.
- 2.3.1.3 Cost-sharing of eligible projects for B.C.G. will usually be on a 75 percent Government & 25 percent city basis.
- 2.3.1.4 No new projects will be accepted for cost-sharing until previously approved projects have been completed or are proposed to be completed.
- 2.3.1.5 In some cases, cities may be encouraged to apply cost-sharing grants to those projects that have a greater provincial significance.
- 2.3.1.6 Multi-jurisdictional and demonstration projects may be funded at a different cost-sharing rate.

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- 2.3.1.7 Grants provided and not expended in one year may be carried forward to the next year, provided the city has sufficient committed projects that require these funds.
- 2.3.1.8 As much flexibility as possible will be provided on the timing of grant payments to enable cities to more easily schedule major projects.

2.4 ADVANCE OF GRANTS

- 2.4.1 TRANS will provide the current year's grant allocations for approved projects upon the receipt and acceptance of the S.F.E. form submitted by the city for the previous year. This form should be submitted through MGMA on or before July 1.
- 2.4.2 B.C.G.'s will be advanced shortly after or in conjunction with the transmittal of the acceptance letters. Grants may be forwarded to the cities either in one payment, representing the total year's allocation, or in a series of payments depending on application submissions and project approvals and the rate of actual progress of the current year's construction program.
- 2.4.3 From time to time, the Minister may wish to transmit a grant at a special press conference, event or ceremony. The city would be expected to cooperate in coordinating and assisting in such endeavors.
- 2.4.4 These procedures are to be followed on all cost-shared projects under the Alberta Cities Transportation Partnership.

2.5 THE PROJECT PROFILE.

- 2.5.1 For each project proposed under this program, the municipality is to submit a Project Profile for review and acceptance by TRANS prior to commencing the project.
- 2.5.2 The objective of the profile is to provide basic project information and anticipated annual cash-flow for the proposed project. This information will assist in determining the eligibility of the proposed project under this program.
- 2.5.3 Project Profiles may be submitted to TRANS at any time through MGMA, however submission of new profiles before April 1 each year is preferred.
- 2.5.4 Whenever possible the profiles should be submitted in groups to minimize the amount of follow-up correspondence for both TRANS and the municipality.
- 2.5.5 Upon completion of the project review, the project acceptance status will be updated in MGMA by TRANS and the municipality will be notified by letter of the new project acceptance status.
- 2.5.6 Where an accepted project includes proposed cash-flows in more than one year, the subsequent years cash-flows are also accepted.

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- 2.5.7 Where the cost of a project is being shared between two or more municipalities, each municipality is responsible for updating its own Cash-Flow items in MGMA.
- 2.5.8 If during the normal course of events the project changes significantly in either scope or scale, this profile should be updated in MGMA so that it realistically represents the project being undertaken.
- 2.5.9 The MGMA Training Guide is available to assist municipalities in entering project information into MGMA.
- 2.5.10 If required by the municipality, MGMA can be used to create hard copies of the Project Profiles for filing or other municipal uses.

2.6 THE APPLICATION FOR PROGRAM ACCEPTANCE (A.P.A.) FORM.

- 2.6.1 The objective of the Application for Program Acceptance (APA) is to provide on an annual basis a list of all projects to be undertaken by the municipality under the program in that year.
- 2.6.2 With the implementation of MGMA in April 2008, the APA is generated based on the Project Profile information as entered in MGMA.
- 2.6.3 Formal submission of the APA is not required, however, the report can be printed from MGMA if needed for municipal purposes and filing.
- 2.6.4 Trans may print the APA using MGMA on or about April 1 of each year for review and record purposes.

2.7 THE MULTI-YEAR CAPITAL INFRASTRUCTURE PLAN.

- 2.7.1 The Multi Year Capital Infrastructure Plan (MYCIP) is a listing of all proposed capital municipal expenditures over a five to ten year planning period. This plan 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.
- 2.7.2 The objective of the plan is to provide a high level overview of the anticipated capital municipal expenditures for all grant supported, non-grant supported, and unfunded capital municipal expenditures over the planning period.
- 2.7.3 Commencing in 2008, the plan can be generated using MGMA based on the projects entered in MGMA. A municipality may include non-grant supported or unfunded projects on the plan by assigning a “None” or “Draft” status to the Project Profile entered in MGMA. Profiles with a “None” or “Draft” status are not reviewed by TRANS with respect to project eligibility under this or any other grant program and are not included in APA or SFE reports generated by MGMA.

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2.7.4 It is accepted that this plan is an estimate only and that it will likely change from time to time as the condition of the existing municipal infrastructure and the needs and priorities of the municipality change. Periodic updating of the plan by updating the Project Profiles in MGMA is highly recommended.

2.8 PROGRAM APPLICATION REVIEW AND APPROVAL

2.8.1 Upon review of the municipality's Project Profiles in MGMA, letters advising of the acceptance status and conditions, if any, will be sent to the municipality.

2.8.2 In some instances, the Minister may wish to review and accept various major or provincially significant projects separately, or may request an official sod-turning or ribbon-cutting ceremony. In these cases, the municipality will be asked to coordinate its official start-up or opening of the project with any public event or announcement by the Minister.

2.8.3 In some instances, included in program acceptance may be a condition that project funding signs be erected at particular projects to inform the public that this project is being funded by the Government of Alberta. In addition, the municipality is required to annually advertise in a local newspaper a summary of the infrastructure projects to be initiated or continued in the current year and to include in the advertisement an acknowledgement of the Government funding for those projects.

2.8.4 Prior to advancing any funds, an S.F.E. must be completed using MGMA format.

2.9 STATEMENT OF FUNDING AND EXPENDITURES

2.9.1 At the end of each calendar year, the municipality is required to provide a Statement of Funding and Expenditures (SFE) summarizing the grant amounts received and expended during the year. The statement is generated using MGMA.

2.9.2 The objective of the Statement of Funding and Expenditures is to provide documentation of the actual grant amounts received, the income earned on the grants, other credits to the program, the actual amounts applied to accepted projects, and the year end grant and interest balances. The Statement of Funding and Expenditures also includes a certification by the municipality that the municipality is in compliance with the terms of the agreement for the program and with these Administrative Procedures.

2.9.3 A Statement of Funding and Expenditures report is required for each calendar year and must be submitted to TRANS by June 30 of the following year in a format prescribed by TRANS.

2.9.4 Commencing in 2008, the Statement of Funding and Expenditures is generated by MGMA based on the actual project expenditures as recorded in MGMA. It includes all projects accepted under AMIP for the calendar year of the report. .

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- 2.9.5 Income on grant funds is to be the actual income earned. Where the actual income earned is not available through the municipality's normal accounting procedures, TRANS may direct that the notional income calculation method is to be applied. In this case the appropriate income rate will be provided by TRANS. The notional method is outlined in Schedule 5.
- 2.9.6 Where land is purchased for an eligible project, the cost of the land at the time of purchase may be listed on the Statement of Funding and Expenditures at the time of construction. Where the area of the land purchased is in excess of the area required for the project, the current market value of the surplus land must also be listed on the Statement of Funding and Expenditures as a credit to the municipality's AMIP.
- 2.9.7 All supporting documentation including reports, drawings, invoices, etc. for each project must be retained by the Municipality for a minimum of three years following completion of the project.
- 2.9.8 The Statement of Funding and Expenditures is not considered to be final until a signed hard copy is received and accepted by TRANS.
- 2.9.9 The Statement of Funding and Expenditures and supporting documentation may be subject to a review by the Provincial Auditor.

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3 INTEREST CALCULATION

The municipality is encouraged to invest and earn interest on all grant funds held in trust by the municipality. The amount of interest so earned on grant funds is to be applied to reduce the total eligible cost of one or more projects. The total interest earned and the interest allocated to each project is to be shown on the SFE.

The amount of interest earned on grant funds may be calculated by one of two methods.

- i) the actual interest earned on the advanced funds by the City directly investing such funds so as to maximize the interest on such monies, subject to the provisions of Section 250 of the Municipal Government Act, being Chapter M-26, Statutes of Alberta 2000, and amendments thereto;

OR

- ii) a notional interest earned calculation based on the following two-part formula:

(Part 1) Average Unexpended Funds on Hand for the period January 1 through to, and including, the day before receipt of the new grant advance (normally in the April/May period).

$\frac{\text{January 1 Balance} + \text{Ending Balance as at Day before Receipt of New Grant Advance}}{2}$	X	$\text{Average Prime Interest Rate} \times \frac{*x \text{ days}}{365} = \text{Interest}$
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PLUS

(Part 2) Average Unexpended Funds on Hand for the period in which the new grant funds were received through to and including December 31.

$\frac{\text{Total New Balance of Both New and Old Year Funds} + \text{Ending Balance at December 31}}{2}$	X	$\text{Average Prime Interest Rate} \times \frac{*y \text{ days}}{365} = \text{Interest}$
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and where the Prime Interest Rate is the average interest rate of the year determined using the Prime Lending Rate in effect on the first banking day of each month during the year as set by the Canadian Imperial Bank of Commerce:

* x + y = 365 (366 on leap year)

NOTE: *In some instances, there may be multiple grant advances throughout the year in which case the formula would need to be adjusted by calculating multiple Part 2 interest amounts.*

In some instances, TRANS may determine the interest calculation method to be used and will advise the City accordingly.

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Sample Interest Calculation

Given	Amount carried forward from 1999	\$200,000
	Amount advanced in 2000	\$4,400,000
	Net Provincial Share Applied (excluding Interest)	\$4,620,000
	Average Interest Rate	5.00%

\$2,200,000 advanced on 13-Jun-00

Part 1	\$200,000	+	\$0	x	5.00%	x	$\frac{165}{366}$	=	\$2,254.10
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\$2,200,000 advanced on 11-Sep-00

Part 2 a	\$2,200,000	+	\$0	x	5.00%	x	$\frac{90}{366}$	=	\$13,524.59
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Work substantially complete 29-Sep-00

Part 2 b	\$2,200,000	+	\$200,000	x	5.00%	x	$\frac{18}{366}$	=	\$2,950.82
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Year End 31-Dec-00

Part 2 c	\$200,000	+	\$0	x	5.00%	x	$\frac{93}{366}$	=	\$1,270.49
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Total Interest to be applied in 2000 **\$20,000.00**