

# **Canada – Prince Edward Island Agreement Municipal Strategic Component 2019 - 2024**

## **Guidelines and Criteria**

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### **BACKGROUND**

In May 2014, the Government of Canada and the Province of Prince Edward Island signed the Administrative Agreement on the Federal Gas Tax Fund.

The Province will receive funding to be disbursed under four different programs:

- 1) The Direct Allocation Component will allocate funds to municipalities which provide central water and/or wastewater to their residents;
- 2) The Notionally Allocated Municipal Component will allocate funds to municipalities which do not provide central water or wastewater;
- 3) The Municipal Strategic Component (MSC) is a fund available to all Local Government and Unincorporated Areas for projects of strategic significance;
- 4) The Roads and Bridges Component will allocate funds to the Department of Transportation and Infrastructure Renewal for use on provincial roads and bridges located in municipalities.

### **1.0 STATEMENT OF OBJECTIVES**

The MSC is targeted at “making a transformative difference in the sustainability and future prosperity of Local Governments and Unincorporated Areas in Prince Edward Island”. The Program seeks to foster sustainable Local Governments and Unincorporated Areas, which can achieve a higher quality of life and standard of living for its residents.

The purpose of the MSC is to provide financial resources for Local Governments and Unincorporated Areas in need of funding for projects of strategic merit.

### **2.0 MUNICIPAL STRATEGIC COMPONENT (MSC)**

The MSC fund has increased from \$10.31 million to \$11.38 million due to the one-time top-up received from Infrastructure Canada in 2019. The funds are to be expended over the next five years (2019-2024), approximately \$2.28 million per year, which includes administration costs. The Project Review Committee reserves the right not to commit all the funds in any given year. Project(s) may be funded over multiple years.

### **3.0 PROJECT CATEGORIES ELIGIBLE FOR MSC**

- 3.1 The MSC will consider funding all Eligible Project categories, but priority will be given to projects in the following categories:

*First Priority Categories*

Drinking Water	Wastewater, including storm sewer separation projects that provide solutions to address the CWSMMWE
Capacity Building (projects investing in growth management and land use planning)	

*Second Priority Categories*

Local Roads and Bridges	Sport Infrastructure
Highways	Public Transit
Cultural Infrastructure	Disaster Mitigation
Tourism Infrastructure	Brownfield Redevelopment
Solid Waste	Broadband Connectivity
Community Energy Systems	Regional and Local Airports
Recreational Infrastructure	Short-line Rail
Short-sea Shipping	Capacity Building
Storm sewer separation projects that do not provide solutions to address the CWSMMWE	

3.2 Capacity Building projects for Growth Management will be required to meet the Department of Communities, Land, and Environment - Municipal Affairs Division Funding Guidelines for Municipal Growth Management Studies.

Applicants may apply for funding under both the MSC and Municipal Affairs program. Municipal Affairs should be contacted for information on their funding program. Separate application forms will be required.

3.3 Second priority level projects may have significant strategic merits, especially when undertaken in conjunction with first priority level categories. Project rankings will take this into consideration.

**4.0 APPLICATION SUBMISSIONS**

Application calls under the MSC may take place twice per year.

- i. Submission Deadline for the May Project Review Committee Meeting:  
**Third Friday in March**
- ii. Submission Deadline for October Project Review Committee Meeting:  
**Fourth Friday in September**

The Project Review Committee may decide to have one call, two calls or no call for applications in any given year.

These deadlines allow adequate time for all projects to be fully assessed and considered by the Project Review Committee prior to the Project Selection Meeting.

Applicants may request to have an application reviewed for completeness and eligibility; however, it is recommended that they submit their application eight (8) weeks prior to the deadline.

Applications will be accepted anytime throughout the year and will be considered for the next application deadline. However once the submission deadline for an upcoming meeting has passed, projects submitted after that date will be considered for funding at the following Project Review Committee Meeting.

It will be at the discretion of the Project Review Committee Co-chairs to call special meetings to deal with emergency projects.

Projects put forward for funding should clearly indicate the issue, what would result if no action is taken, the proposed solution, and the expected results. Submissions should clearly state on the application form how these results will be achieved.

## **5.0 FUND ADMINISTRATION**

The MSC will be managed by a four-person Project Review Committee, composed of a Co-chair and one alternate from the Government of Prince Edward Island, and a Co-chair and one alternate from the Federation of Prince Edward Island Municipalities.

## **6.0 PROJECT SELECTION AND SCREENING**

6.1 Applications will be first screened to ensure that the project meets the eligibility requirements of the program. Applications meeting the requirements will then be reviewed and scored against project selection criteria.

- a) The Project Review Committee will be guided by the following criteria in approving Eligible Projects under this Fund:
  - i. Priority will be given to projects that provide significant benefits to Local Governments and Unincorporated Areas.
  - ii. Priority will be given to projects that resolve significant water and/or wastewater issues, sustainability and growth management issues, and land use planning issues.
  - iii. Priority will be given to capacity building project(s) that address growth management with emphasis on community restructuring. The project shall provide direction on existing services and infrastructure to develop stronger, more viable municipalities.
  - iv. Priority will be given to projects that demonstrate municipal cooperation.
  - v. Priority will be given to projects which are expected to have strategic or broad reaching benefits for the residents of the municipality or municipalities, the region and/or the Province and must demonstrate how proposed projects strategically address economic, social and environmental outcomes.

- vi. Priority will be given to projects which are innovative, and promote the use of new technologies.
- vii. Priority will be given to projects which appear as the highest priority on a municipality's Infrastructure Capital Plan.
- viii. Priority will be given to applicants who are actively pursuing municipal sustainability and who are, at a minimum, involved in a growth management study project.

b) Non-Municipal applicants must show that benefits from a project will significantly and predominately contribute to the public good, and must be shown to be widely supported by vested and non-vested residents of the area by way of written endorsements.

c) To be eligible for funding under the MSC, a project cannot have been started and contracts for the work to be undertaken cannot have been awarded prior to approval by the Project Selection Committee.

6.2 All projects will be scored. Projects that receive the highest ranking will be considered for funding approval. Applicants are responsible for ensuring that applications include full and accurate information so that a fair assessment can be completed.

## 7.0 **CONTRIBUTION FORMULA**

7.1 Local Governments that receive a Direct or Notional Allocation

- a) All eligible projects with the exception of 7.1 b)
  - i. Applicants that receive Direct or Notional Allocations are eligible to receive a maximum 50% of total Eligible Expenditures from the MSC.
  - ii. At least 10% of Eligible Expenditures must be from the Applicant's own funds, and up to 40% of Eligible Expenditures may be funded from Gas Tax Allocations and/or any other funding sources.

Example:

Total Project Cost	600,000
MSC 50% share	<u>300,000</u>
Balance 50% to be funded by Applicant*	300,000

10% Minimum of Applicant funds	60,000
40% Balance of Applicant's share (any source)	240,000

- b) Official Plans and Land Use Bylaws
  - i. Smaller municipalities who currently do not have an Official Plan or Land Use

Bylaw in place are eligible to receive a maximum 90% of total Eligible Expenditures from the MSC.

- ii. At least 10% of Eligible Expenditures must be from the Applicants own funds, Gas Tax Allocations and/or any other funding sources.

Example:

Total Project Cost	50,000
MSC 90% share	<u>45,000</u>
Balance 10% to be funded by Applicant*	5,000

7.2 Non-Allocated Applicants (Not-For-Profit Organizations, For-Profit Organizations, Non-Governmental Organizations)

- i. Non-Allocated Applicants are eligible to receive a maximum 50% of total Eligible Expenditures funding from the MSC.
- ii. Non-Allocated Applicants are responsible for the remaining 50%. Non-Allocated Applicants must commit a minimum 10% of total costs towards the project that cannot be sourced from other federal or provincial or municipal sources. The remaining 40% of eligible costs may be funded from any other available funding sources.

Example:

Total Project Cost	600,000
MSC 50% share of costs	<u>300,000</u>
Balance 50% to be funded by Applicant	300,000
10% minimum of Applicant funds	60,000
40% Balance of Applicant's share (any source)	240,000

**Note:** All costs are based on Eligible Expenditures. Ineligible Expenditures are not considered towards any party's contribution. Ultimately, funding amounts will be decided by the Project Review Committee as per Section 7.4. Successful applicants will be awarded funding of either: a) agreed funding in ratio of the actual final Eligible Expenditures project cost, or b) agreed funding in ratio of the approved Eligible Expenditures identified in the application, whichever is the lesser amount.

- 7.3 The Project Selection Committee reserves the right to determine the funding level for any project funded under the MSC.

**8.0 INCREMENTALITY**

Funds under this program may not be used to substitute or replace expenditures, which are currently covered in existing budgets or to duplicate or replace funding already approved under established Federal or Provincial funding programs.

**9.0 INFRASTRUCTURE CAPITAL PLAN SUMMARY AND ASSET MANAGEMENT**

Under the permanent GTF, the federal government is encouraging Provinces and

Territories to move towards municipal Asset Management Plans. The Province recognizes its role in helping municipalities to achieve this. In the short term, the Province is requiring that municipalities seeking MSC funds for capital projects submit an Infrastructure Capital Plan (ICP) for a five- year period. The ICP form will be provided in Schedule “A”.

If the application does not have this attached, the project will be deferred until this document is submitted. The project must appear in the ICP.

The exception to this requirement would be those municipalities applying for a Capacity Building project.

## **10.0 SUPPORTING DOCUMENTATION**

For an application to be complete and considered for funding under the MSC, the following supporting documentation is required:

- i. A Council and/or board resolution, as appropriate, in support of the project, including the full of cost of the project, as well as a commitment through the resolution to maintain, operate, and insure the asset. The resolution must be signed and sealed.

All applications must include a signed statement by the Applicant indicating that any long-term implementation impacts of the project have been considered and that the projected outcome is achievable and sustainable as follows:

- ii. Applications for projects which will have on-going operational and maintenance costs must demonstrate the applicant’s capacity to fund the proposed project’s future operational and capital maintenance expenditures or identify existing sources of funding which are available to fund such expenditures.
- iii. Letters of confirmation from other funding partners/financial institutions, if applicable.
- iv. Any supporting documentation that will assist in the project review, such as:
  - Engineering estimates
  - Tender documents
  - Study or reports