

**Canada – Prince Edward Island Agreement
Municipal Strategic Component 2014 - 2019**

Guidelines and Criteria

2014-10-21

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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 the 26 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; and;
- 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 MCS has allocated up to \$10.66 million for projects over the next five years, approximately \$2.05 million per year, which includes administration costs.

3.0 PROJECT CATEGORIES ELIGIBLE FOR MSC

The MSC will consider funding all Eligible Project categories, but priority will be given to critical drinking water and wastewater projects. Therefore, two category levels have been established. The first level consists of the water and wastewater categories, which are the first priority for funding. The remaining categories comprise the second priority level.

First Priority Categories

Drinking water	Wastewater, including storm sewer separation projects that provide solutions to address the CWSMMWE
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Second Priority Categories

Local roads and bridges	Capacity building
Highways	Sport Infrastructure
Cultural Infrastructure	Public transit
Tourism Infrastructure	Disaster mitigation
Solid waste	Brownfield Redevelopment
Community energy systems	Broadband connectivity
Recreational Infrastructure	Regional and local airports
Short-sea shipping	Short-line rail
Storm sewer separation projects that do not provide solutions to address the CWSMMWE	

4.0 APPLICATION SUBMISSIONS

Application calls under the MSC will 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

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. Infrastructure Canada is invited as an observer.

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, and require financial assistance of the MSC.
- ii. Priority will be given to projects that resolve significant water and/or wastewater issues.
- iii. Priority will be given to projects that demonstrate municipal cooperation.
- iv. Priority will be given to projects which are expected to have potential strategic or broad reaching benefits.
- v. Priority will be given to projects which are innovative, and promote the use of new technologies.
- vi. Priority will be given to projects which appear as the highest priority on a municipality's Infrastructure Capital Plan.

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 categories will be scored in a range of high, medium or low. Projects that receive the highest ranking within their priority levels will be considered first for funding approval. Applicants are responsible for ensuring that applications include full and accurate information so that a fair assessment can be completed.

<p>6.1 APPLICANT</p> <p>i) Regional projects between two or more Local Governments– HR</p> <p>ii) Local Government and unincorporated areas – MR</p>																					
<p>6.2 PREVIOUS Municipal Strategic Component (MSC) FUNDING</p> <p>i) Has received less than \$300,000 (in total) MSC funding – HR</p> <p>ii) Has received \$300,000 or more (in total) MSC funding – LR</p>																					
<p>6.3 TOTAL GAS TAX FUNDS (Allocated and/or MSC) IN THE PROJECT:</p> <p>i) Under \$750,000 – HR</p> <p>ii) Between \$750,000 and \$1.5 million – MR</p> <p>iii) Over \$1.5 million – LR</p>																					
<p>6.4 PROJECT SUBMISSION</p> <p>i) Highest priority project in first level category submitted by an applicant in current round.– HR</p> <p>ii) All other applications submitted in current round.- LR</p>																					
<p>6.5 ELIGIBLE PROJECT CATEGORIES</p> <p>i) <i>First Priority Categories -HR</i></p> <table border="1" data-bbox="396 1060 1221 1146"> <tr> <td>Drinking water</td> <td>Wastewater, including storm sewer separation projects that provide solutions to address the CWSMMWE</td> </tr> </table> <p>ii) <i>Second Priority Categories – LR</i></p> <table border="1" data-bbox="396 1213 1221 1535"> <tr> <td>Local roads and bridges</td> <td>Capacity building</td> </tr> <tr> <td>Highways</td> <td>Sport Infrastructure</td> </tr> <tr> <td>Cultural Infrastructure</td> <td>Public transit</td> </tr> <tr> <td>Tourism Infrastructure</td> <td>Disaster mitigation</td> </tr> <tr> <td>Solid waste</td> <td>Brownfield Redevelopment</td> </tr> <tr> <td>Community energy systems</td> <td>Broadband connectivity</td> </tr> <tr> <td>Recreational Infrastructure</td> <td>Regional and local airports</td> </tr> <tr> <td>Short-sea shipping</td> <td>Short-line rail</td> </tr> <tr> <td colspan="2">Storm sewer separation projects that do not provide solutions to address the CWSMMWE</td> </tr> </table>		Drinking water	Wastewater, including storm sewer separation projects that provide solutions to address the CWSMMWE	Local roads and bridges	Capacity building	Highways	Sport Infrastructure	Cultural Infrastructure	Public transit	Tourism Infrastructure	Disaster mitigation	Solid waste	Brownfield Redevelopment	Community energy systems	Broadband connectivity	Recreational Infrastructure	Regional and local airports	Short-sea shipping	Short-line rail	Storm sewer separation projects that do not provide solutions to address the CWSMMWE	
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<p>6.6 TIMELINES</p> <p>i) Project able to start in the next construction period– HR</p> <p>ii) Project not able to start in first feasible construction season – LR</p>																					
<p>6.7 STRATEGIC PROJECT</p> <p>i) High strategic importance of project – HR</p> <p>ii) Medium strategic importance of project – MR</p> <p>iii) Low strategic importance of project - LR</p>																					

7.0 CONTRIBUTION FORMULA

7.1 Local Governments that receive a Direct or Notional Allocation

- 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

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 to 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 by March 2018. The Province recognizes its role in helping municipalities to achieve this. In the short term, the Province is requesting that municipalities seeking MSC funds submit an Infrastructure Capital Plan (ICP) for a five year period. The ICP form will be provided in Schedule "A".

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:

- i. 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.
- ii. Letters of confirmation from other funding partners / financial institutions, if applicable.
- iii. Any supporting documentation that will assist in the project review, such as:
 - Engineering estimates
 - Tender documents
 - Study or reports