

FEDERAL GAS TAX FUND FREQUENTLY ASKED QUESTIONS (FAQS)*

***PLEASE NOTE:** This FAQs document is meant to be a living resource and information will be added as required. Any questions about this document can be directed to Rene Frigault, Planning & Development Officer, Department of Municipal Affairs (DMA) at Rene.Frigault@novascotia.ca or (902) 424-2088.

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GENERAL GAS TAX FUND FAQs

Where can I find general information about the Gas Tax Fund (GTF)?

Provincial GTF Website: <http://www.novascotia.ca/dma/funding/infrastructure/gas-tax-fund.asp>

UNSM's GTF Portal: <http://www.unsm.ca/gas-tax-fund.html>

What is the web location for the online GTF reporting system?

Reporting templates, such as the Annual Expenditure Report (AER), Capital Investment Plan (CIP), Financial Information Return (FIR) and Statement of Estimate (SOE), are located at the following web address: <https://mrs.snsmr.gov.ns.ca/workspace/Main.html?ap=1?>

When is the first GTF installment (50%) released?

The first GTF installment is typically released annually during the month of November and is subject to compliance with reporting requirements, including AER, CIP, FIR, SOE and audited financial statements.

When is the final GTF installment (50%) released?

The final GTF installment is typically released annually during the month of March; however, this is subject to the timing and outcome of a possible audit.

Before the final installment can be released, the Province prepares an annual GTF report which is subject to an audit. If an audit is conducted, it is submitted to Infrastructure Canada for approval. Upon approval of the audit, Infrastructure Canada releases funding to the Province, which it then sends out to municipalities.

What are the GTF reporting requirements?

GTF are distributed to municipalities in two installments.

To receive the 1st installment (usually in November), municipalities must

- Complete all departmental reporting from the previous fiscal year; and
- Provide an AER, CIP and any other reporting requirements to DMA (i.e. FIR, SOE and audited financial statements).

To receive 2nd installment (usually in March), municipalities must:

- Meet the 1st installment requirements

The release of other DMA funding (i.e., Equalization, Grant-In-Lieu and Fire Protection) is also subject to meeting the above requirements.

Are proposed GTF projects approved by DMA?

The use of gas tax funds is approved by council through the municipal capital budgeting process. DMA will review CIPs to ensure all proposed projects are eligible. However, eligibility and compliance to the Municipal Funding Agreement is ultimately each municipality's responsibility. If you are unsure if your project is eligible, please contact staff of DMA prior to incurring any project costs.

Is there a limit to the amount of GTF funding that can be stacked with other federal funding?

The New Building Canada Fund (NBCF) has a federal contribution maximum of 33.33% towards approved projects. If an approved project is receiving the full federal 33.33% share from the NBCF then no GTF can be used toward it.

Can unspent GTF funding be used to fund projects in subsequent years?

Yes, any unspent GTF funding can be held in reserve and used for project in subsequent years. Unspent GTF funding must be recorded, *separately and distinctly*, as well as any interest accrued. For example, GTF should be kept in a separate account that tracks annual interest accrued, and not combined with other capital funding.

ANNUAL EXPENDITURE REPORT FAQs

When are the interim and final Annual Expenditure Reports (AER) due?

The interim AER is due annually on May 30, submitted to DMA for review via the [online reporting portal](#).

Once the interim AER is approved by DMA, the final signed version is due on July 31 (but can be submitted any time prior to that date). DMA requires both the online portal version and a signed paper copy (which can be mailed, emailed or faxed).

Who can sign the final AER?

Once DMA has reviewed the interim (draft) AER, a director of finance or an authorized municipal signing authority can sign the final AER.

Please Note: A municipal audit of the AER is not required. However, all AERs are subject to an annual provincial audit review, and municipalities may be required to provide supporting documentation to ensure compliance with the Municipal Funding Agreement.

Where do the AER project numbers come from?

The AER project numbers and planned GTF projects are populated from your Capital Investment Plan (CIP). DMA pre-populates planned projects from your CIP into the AER template annually. It is important to use consistent and unique project numbers in your CIP as they are used to track multi-year funded GTF projects.

How do I record multi-year funded GTF projects?

If a project uses gas tax funding over two or more fiscal years, it is necessary to use the same project number in the AER for tracking purposes. For example, if paying down the debt of a water treatment plant over multiple years using gas tax funds, it is important to use the same project number each year to avoid it being counted as a project more than once.

As outlined in Schedule 1 in the Municipal Funding Agreement, municipalities are required to indicate in their AER if a project has received GTF support in prior fiscal years. This is done by recording the amount spent in previous years under the federal column on the AER named *Balance of Financing*. The total project cost recorded each year must reflect the entire asset, including past and future projects costs, not just those incurred in the reporting year.

When are project outcomes recorded?

GTF project outcomes, including outcome indicators and project benefits, are recorded on the AER once a project is complete. Each project category has several indicators to choose from and municipalities are required to provide outcomes for at least one indicator.

CAPITAL INVESTMENT PLAN FAQs

When is the Capital Investment Plan (CIP) due annually?

The CIP is due annually on September 1, submitted to DMA for review via the [online reporting portal](#). DMA requires both the online portal version and a signed paper copy (which can be mailed, emailed or faxed).

How many budget years must be completed for the CIP?

Municipalities are required to complete five budget years for the CIP. However, councils only need to approve the first budget year.

Is the CIP the same as a capital budget?

While the CIP can be used for capital budgeting purposes, it is a separate requirement for the GTF. The intent of the CIP is to assist municipalities with long-term planning of capital assets. The CIP is also used to pre-populate the Pre-Construction Communications Report and to identify eligible GTF projects in the current budget year.

What funding code is used to identify GTF projects?

Code 21 in the capital budget portion of the CIP should be used to identify GTF projects. Code 6 is used for GTF funding that is held in reserve.

Is it necessary to complete the ranking and scoring section of the CIP?

It is optional to complete this section of the CIP; however, municipalities are encouraged to use these schedules if they require assistance with project prioritization.

ELIGIBILITY FAQs

What are the eligible GTF project categories?

Eligible projects include investments in infrastructure for its construction, renewal or material enhancement in each of the following categories:

1. **Local roads and bridges** – roads, bridges and active transportation infrastructure (active transportation refers to investments that support active methods of travel; this can include cycling lanes and paths, sidewalks, and hiking and walking trails)
2. **Highways** – highway infrastructure
3. **Short-sea shipping** – infrastructure related to the movement of cargo and passengers around the coast and on inland waterways, without directly crossing an ocean
4. **Short-line rail** – railway-related infrastructure for carriage of passengers or freight
5. **Regional and local airports** – airport-related infrastructure (excludes the National Airport System)
6. **Broadband connectivity** – infrastructure that provides internet access to residents, businesses, and/or institutions in communities
7. **Public transit** – infrastructure that supports a shared passenger transport system which is available for public use
8. **Drinking water** – infrastructure that supports drinking water conservation, collection, treatment and distribution systems
9. **Wastewater** – infrastructure that supports wastewater and storm water collection, treatment and management systems
10. **Solid waste** – infrastructure that supports solid waste management systems including the collection, diversion and disposal of recyclables, compostable materials and garbage
11. **Community energy systems** – infrastructure that generates or increases the efficient usage of energy
12. **Brownfield redevelopment** – remediation or decontamination and redevelopment of a brownfield site within municipal boundaries, where the redevelopment includes: o the construction of public infrastructure as identified in the context of any other category under the GTF, and/or; the construction of municipal-use public parks and publicly-owned social housing
13. **Sport infrastructure** – amateur sport infrastructure (excludes facilities, including arenas, which would be used as the home of professional sports teams or major junior hockey teams, e.g. Junior A)
14. **Recreational infrastructure** – recreational facilities or networks
15. **Cultural infrastructure** – infrastructure that supports arts, humanities and heritage
16. **Tourism infrastructure** – infrastructure that attract travelers for recreation, leisure, business or other purposes
17. **Disaster mitigation** – infrastructure that reduces or eliminates long-term impacts and risks associated with natural disasters
18. **Capacity building** – includes investments related to strengthening the ability of municipalities to develop long-term planning practices

Please Note: Investments in health infrastructure (hospitals, convalescent and senior centres) are not eligible.

Who is eligible for funding under the GTF?

1. A municipality or its agent (including any wholly-owned corporations); and
2. A non-municipal entity, including for-profit, non-governmental and not-for-profit organizations, on the condition that the municipality has indicated support for the project through a formal resolution passed by its council. Please refer to *Schedule A, Section 2.6* in the Municipal Funding Agreement for more specific information.

What is the definition of an eligible GTF expenditure?

Eligible GTF expenditures include those associated with acquiring, planning, designing, constructing or renovating a tangible capital asset, as defined by generally accepted accounting principles, and any related debt financing charges specifically identified with that asset.

What if I am not sure if a project is eligible?

If you are uncertain if your project is eligible for GTF, please email Rene Frigault at DMA (Rene.Frigault@novascotia.ca) with the project name and a brief description.

What types of project costs are NOT eligible under the GTF?

The following are ineligible GTF costs:

- Routine repairs and maintenance (however, upgrades to infrastructure are considered eligible)
- Land purchases
- Legal fees
- Leasing of equipment (except under the conditions noted below)
- Staff salaries (except under the conditions noted below)

For a complete list of ineligible costs, refer to *Schedule C* of the Municipal Funding Agreement.

Can internal staff and equipment costs be consider eligible GTF project expenses?

The incremental costs of municipal employees or leasing of equipment may be included as an eligible GTF expense under the following conditions:

- A municipality is able to demonstrate that it is not economically feasible to tender a contract;
- The municipal employee or equipment is engaged directly in the work that would have been the subject of the contract; and
- The arrangement is approved in advance and in writing by DMA.

What is process for funding a project initiated by a non-municipal entity?

If planning to support an eligible GTF project to be undertaken by a non-municipal entity (such as a non-profit organization), a municipality must comply with *Section 2.6* of the Municipal Funding Agreement as follow:

- a) The project must be for public use or benefit in Nova Scotia.
- b) The intention to support the project must be authorized by a formal resolution of council, which identifies the eligible project, the non-municipal entity and the amount of funds to be transferred. A copy of this resolution must be submitted to DMA as soon as it is ratified.

- c) The municipality will continue to be bound by all requirements outlined in the Municipal Funding Agreement.
- d) The non-municipal entity wishing to receive the funds must provide, in writing to DMA, its intent to abide by the municipality's obligations outlined in the Municipal Funding Agreement.

Are signage costs eligible under the GTF?

Yes, expenditures directly associated with federal signage for GTF projects are considered eligible costs. These expenses must be included as part of the overall eligible project costs.

Please Note: Until further notice is received, signage is not to be installed for GTF projects.

Are costs associated with joint communication project activities eligible under the GTF?

Yes, expenditures directly associated with joint communication activities for GTF projects are considered eligible costs. These expenses must be included as part of the overall eligible project costs.

What is eligible under the capacity building category?

Eligible expenses under the capacity building category include those related to strengthening the ability of municipalities to improve local and regional planning, including the development of capital plans, life-cycle cost assessments and asset management plans. These expenditures could include developing and implementing:

- studies, strategies, or systems related to asset management, which may include software acquisition and implementation;
- training directly related to asset management planning; and,
- long-term infrastructure plans.

Please Note: Although asset management plan feasibility studies are considered eligible capacity building projects, all other feasibility studies are ineligible for GTF funding.

Who are the main contacts at DMA for GTF questions concerning contract information, reporting requirements and project eligibility?

Rene Frigault, Planning & Development Officer, DMA
Rene.Frigault@novascotia.ca or P: (902) 424-2088 or F: (902) 424-0821

Hardy Stuckless, Manager of Infrastructure Programs, DMA
Hardy.Stuckless@novascotia.ca or (902) 424-2770

COMMUNICATION & SIGNAGE PROTOCOL FAQs

What is the Union of Nova Scotia Municipalities' (UNSM) role in supporting GTF communication and signage protocols?

As of April 2015, UNSM has been providing support to DMA to administer the 2014-24 GTF agreement, focusing its efforts on requirements for communications, signage and asset management. Some of UNSM's tasks include:

- collecting information for pre-construction and signage reports;
- developing project spotlights to highlight best practices and innovation in Nova Scotia;
- creating communication and asset management resources and training opportunities; and,
- conducting project site visits and assisting municipalities to undertake sustainability initiatives that support the new federal GTF pillars.

Through this work, UNSM aims to help municipalities meet the requirements of the program by providing support and resources to assist them in making the most of the GTF. UNSM intends to work with municipalities to raise the profile of local GTF initiatives, making a strong case for continued (and possibly enhanced) federal support.

When is the Pre-construction Communications Report due?

On April 1, Infrastructure Canada requires DMA to submit a Pre-construction Communications Report that captures information on all GTF projects anticipated to be underway in the given fiscal. This includes all GTF projects that a municipality expects to be continuing, beginning and completing within the fiscal year. DMA uses the information provided by municipalities in their CIP to prepopulate a report that includes all anticipated GTF projects. This information is typically sent to each municipality in early March and they are asked to confirm and update it, identify any new projects not captured and any provide any missing information (including estimated project start and end dates, and project costs).

What is the Pre-construction Communications Report used for?

The information compiled for the Pre-construction Communications Report is for planning purposes only and is intended to help the federal government develop a list of possible GTF projects to highlight for events, press releases, stories, etc. in Nova Scotia.

What is the process for announcing a GTF project?

Prior to announcing a GTF project or hosting an event, municipalities must contact DMA. As outlined in the Municipal Funding Agreement, the requestor of a media event must provide at least 15 working days' notice to other parties (municipality, province or federal government). All communications material related to an event must be approved by DMA in advance of their release.

What are the new signage protocols for GTF projects?

In February 2017, Infrastructure Canada (INFC) announced a new framework for the mandatory installation of signage for GTF projects. Municipalities are required to provide and install temporary signage for all projects receiving federal gas tax funds. INAC's new signage information, including frequently asked

questions and signage templates, can be found at: <http://www.infrastructure.gc.ca/pub/signage-panneaux/intro-eng.html>

The new signage protocols require that signs display both a municipal and provincial logo. For a copy of the provincial logo, please contact Debbie Nielsen, Infrastructure & Sustainability Officer, UNSM at dnielsen@unsm.ca or 902 423-8312.

For any other inquiries about the new signage protocols, please contact Infrastructure Canada directly at: INFC.Signs-Panneaux.INFC@Canada.ca

Toll Free Number: 1-877-250-7154

TTY: 1-800-465-7735

Are gas tax signage costs eligible?

Yes, the expenditures directly associated with joint communication activities and with federal project signage for GTF-funded projects are eligible expenses, which must be included as part of the overall project costs.

ASSET MANAGEMENT FAQs

What is an asset management plan?

The GTF Municipal Funding Agreement defines an asset management plan as a document that “*supports integrated life-cycle approaches to effective stewardship of infrastructure assets in order to maximize benefits and manage risks*”.

For more information on asset management, visit: <http://www.unsm.ca/asset-management.html>

What are the asset management requirements under the GTF?

The renewed 2014-24 Gas Tax Fund (GTF) places a greater emphasis on long-term capital planning and asset management. As a result, Nova Scotia is developing a province-wide asset management system for municipal infrastructure. It is expected to include, at a minimum, an inventory of assets and a condition of infrastructure. Municipalities have agreed to participate in this initiative and are working with the Province towards this goal. Nova Scotia will provide Infrastructure Canada with a progress update along with the 2018 Outcomes Report as per the GTF Agreement.

What is the Province of Nova Scotia doing to support municipalities in meeting the asset management requirement?

Currently, the Province (through the Department of Municipal Affairs) is consulting with municipalities and relevant stakeholder groups to develop a province-wide asset management tracking and reporting system to support municipalities in making progress with their plans. Recognizing that municipalities are diverse and have varying levels of capacity to undertake asset management planning, the Province is committed to working collaboratively with them to develop a system that:

1. Allows municipalities to collect the relevant asset information required to make informed infrastructure decisions while ensuring they meet the minimum asset management requirement in their Municipal Funding Agreements; and
2. Is scalable and provides the flexibility to collect more detailed information if a municipality wishes to customize their level of asset reporting for internal purposes.

Although the Province aims to build flexibility into the program, it also intends to develop a standardized approach for gathering and reporting asset information. By developing standardized units of measure across the various asset classes and for condition assessments, the asset management program will help identify infrastructure trends and requirements across municipalities.

In terms of a Nova Scotia-specific asset management program, the Province also recognizes the importance of creating efficiencies in the reporting requirements and focusing on value-added reporting for municipalities. Essentially, the Province is aiming to develop an asset management system that will support municipalities in making informed, evidence-based decisions to ensure the sustainability of their services, and help them manage risks and meet fiduciary responsibilities.

Who is the main contact for asset management as it relates to municipal GTF requirements?

Ahmad Shahwan, Senior Municipal Engineer, DMA
Ahmad.Shahwan@novascotia.ca or (902) 424-5537

