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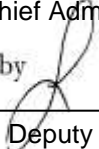
Item No. 11.1.4
Halifax Regional Council
December 9, 2014

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY:

Original signed by 

Richard Butts, Chief Administrative Officer

Original Signed by 

Mike Labrecque, Deputy Chief Administrative Officer

DATE: November 10, 2014

SUBJECT: Municipal Gas Tax Agreement

ORIGIN

Receipt of the draft Municipal Funding Agreement for the transfer of the Federal Gas Tax Funds from NS Municipal Affairs.

LEGISLATIVE AUTHORITY

HRM Charter Section 74 – permits HRM to enter into agreements with the Province of Nova Scotia or Government of Canada to provide or administer municipal services.

RECOMMENDATION

It is recommended that Halifax Regional Council direct the Mayor and Municipal Clerk to sign the attached Municipal Gas Tax Agreement, on behalf of Halifax Regional Municipality.

BACKGROUND

The federal government established the Gas Tax Fund in 2005 to provide predictable, long-term funding for Canadian municipalities to help them build and revitalize public infrastructure that achieves positive environmental results. In 2011 the federal government made the Gas Tax permanent and enshrined it in legislation. In 2013 the federal government announced that the Gas Tax Fund would increase at a rate of 2% annually, to keep pace with inflation. In Budget 2014, the federal government expanded the number of eligible categories for Gas Tax funding. Previously the Gas Tax could be used to support projects related to public transit, community energy systems, water and wastewater, solid waste management and local roads. Now Gas Tax funds may also be used to support:

- Culture & tourism
- Recreation & amateur sport
- Highways
- Local and regional airports
- Short-line rail
- Short-sea shipping
- Disaster mitigation
- Broadband and connectivity
- Brownfield redevelopment

Every municipality in Canada receives a portion of the Fund. The funding allocation is determined at the provincial or territorial level based on population, which individual provinces then transfer to municipalities through funding agreements which outline program criteria and requirements. The Gas Tax is not application based, but may be used by municipalities for eligible projects approved in their capital budgets. Funding is provided up front twice a year, and municipalities are required to report back on their use of the funds. Projects are chosen locally and prioritized according to the infrastructure needs of each community. Halifax has signed two previous Gas Tax funding agreements, the first from 2005/06 to 2009/10, and the second from 2010/11 to 2013/14.

The federal government has recalculated provincial allocations based on 2011 census data and signed new funding agreements with each province. Nova Scotia is now issuing updated Gas Tax agreements to municipalities for their review. In October 2014 Halifax Regional Municipality received its draft funding agreement from Municipal Affairs (Appendix I), for the period 2014/15 to 2023/24.

DISCUSSION

The Gas Tax has been a significant source of funding for HRM, in particular for public transit. In 2013/14 HRM received \$25.3 million, \$19.1 million of which was used for transit.

As noted above, federal allocations to provinces and territories over the first five years of the NBCP (2014-2019) have been calculated based on Census 2011 data. Nova Scotia's share has decreased by \$2.7 million, or 4.8%, starting in 2014 -15 due to the province's declining population. Nova Scotia's allocation is now as follows:

2014-15	\$53,226,000
2015-16	\$53,226,000
2016-17	\$55,887,000
2017-18	\$55,887,000
2018-19	\$58,549,000

Allocations for 2019-2024 will be based on Census 2016 data.

In 2005, Service Nova Scotia & Municipal Relations (now Municipal Affairs) and the Union of Nova Scotia Municipalities (UNSM) negotiated the funding allocation formula for Nova Scotian municipalities. In order to provide a level of equity between large and small municipalities, the distribution formula used a

combination of population base, municipal operating expenditure, and number of dwelling units, with each variable each assigned a weight: 50% for operating expenditure, and 25% for population and dwelling units each. A five-year average is used for operating expenditure. Under this formula, HRM will receive \$23,807,121 for 2014-15. Projections for the following four years are as follows:

	2014-15	2015-16	2016-17	2017-18	2018-19
Nova Scotia	\$53,226,000	\$53,226,000	\$55,887,000	\$55,887,000	\$58,549,000
HRM	\$23,807,121	\$23,807,121	\$24,997,000	\$24,997,000	\$26,188,000

The terms and conditions of the 2014 Municipal Funding Agreement (MFA) are similar to those of past agreements in regards to roles, responsibilities, principles and reporting. Below are the highlights of the conditions outlined in the Agreement:

- The Agreement is to be effective as of April 1, 2014 until March 31, 2024, unless the Federal Government and Nova Scotia agree to renew same. This differs from the 2005 and 2010 agreements, both of which had a five year term.
- The MFA may be terminated at any time and for any reason by the Government of Canada (even though it is not a signatory), the Province of Nova Scotia or HRM on providing two years written notice.
- If there is a conflict between the MFA and the “Administrative Agreement” executed by the Federal Government and the Province of Nova Scotia, the Administrative Agreement will apply.
- HRM is obligated to implement a capital investment plan and an asset management plan relative to the projects it undertakes with the allocated funds and to maintain proper and accurate records and accounts, to be made available for audit by either the Government of Canada or the Province of Nova Scotia. The capital investment plan must be provided to the Province by September 1st of each year, and include project-specific information over 5 years. Gas Tax eligible projects are to be identified along with funding sources for each.
- All Gas Tax funds must be spent by December 31, 2024.
- Funds may be transferred to a non-municipal entity (not-for-profit) for use on eligible projects, provided that the project is for public use or benefit in Nova Scotia, subject to certain terms and conditions.
- There is a requirement that the funds be used in addition to average annual capital spending on municipal infrastructure. This provision is in place in order to ensure that the allocated funds do not take the place of normal spending on municipal infrastructure. Instead, Gas Tax funds must be in addition to a base amount of required annual capital spending. HRM has a base amount of \$58 million annually, calculated by using the average capital spending from 2001/02 to 2003/04 (i.e., pre-stimulus spending totals). Other municipalities must also meet a base amount, however their capital spending is pooled into an amount that they must collectively meet. As HRM is over 250,000 people it has its own base amount.
- There is a restriction on the Municipality selling, leasing, or encumbering assets that are constructed, rehabilitated or improved with use of funds allocated under the municipal funding agreement. This restriction (which can be waived by the Province) stays in place for five years from the date of completion of the eligible project.
- There is a schedule on the reporting obligations of the Municipality and the communications protocol that must be followed by the Municipality in relation to any eligible project.

The requirement for municipalities to develop an Integrated Community Sustainability Plan and a climate change action plan has been dropped. Instead there is a greater emphasis in the 2014/15 – 2023/24 plan on long-term capital planning and asset management, with municipalities required to work with the Province to develop and begin implementation of a province-wide asset management plan by December 31, 2016. HRM already has an asset management plan in place which meets the Provincial requirements and which may be used as a guide for the development of the Province-wide plan.

Once the agreement is signed, it will be sent to the Minister of Municipal Affairs for signing and the first installment will be released.

FINANCIAL IMPLICATIONS

Budget Summary Gas Tax Reserve, Q134 as at October 30, 2014

Opening net available balance, April 1, 2014	\$ 1,543,750
Revenue 2014/15	\$23,807,121
Projected interest	\$ 70,613
2014/15 budgeted withdrawals	<u>\$25,300,000</u>
Projected net available balance March 31, 2015	\$ 121,484

COMMUNITY ENGAGEMENT

None.

ENVIRONMENTAL IMPLICATIONS

N/a

ALTERNATIVES

None.

ATTACHMENTS

Appendix I: Municipal Funding Agreement for the Transfer of the Federal Gas Tax

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Anne Totten, Corporate Policy Analyst, 902-490-5623

Report Approved by:

Maggie MacDonald, Managing Director, Government Relations & External Affairs,
902-490-1742

Financial Approval by:

Greg Keefe, Director of Finance & ICT/CFO, 902.490.6308

MUNICIPAL FUNDING AGREEMENT
FOR THE TRANSFER OF FEDERAL GAS TAX FUNDS

made as of the _____ day of _____ 20__.

BETWEEN: **HER MAJESTY THE QUEEN IN RIGHT OF Nova Scotia**, as represented by the Minister of Municipal Affairs ("Nova Scotia")

AND: **THE HALIFAX REGIONAL MUNICIPALITY**,

in the Province of Nova Scotia (the "Municipality")

WHEREAS HER MAJESTY THE QUEEN IN RIGHT OF CANADA, as represented by the Minister of Infrastructure, Communities and Intergovernmental Affairs ("Canada") and Her Majesty the Queen in Right of Nova Scotia, as represented by the Minister of Municipal Affairs ("Nova Scotia"), entered into an Administrative Agreement for the Federal Gas Tax Fund (GTF) effective **April 1, 2014**, respecting the roles and responsibilities of Canada and Nova Scotia for the administration of the GTF; and

WHEREAS Nova Scotia agrees to administer the Administrative Agreement on behalf of Canada and allocate to Municipalities any GTF funding that may be transferred by Canada under the Administrative Agreement for the purposes described in the Administrative Agreement; and

WHEREAS the parties agree that any GTF funding allocated to Municipalities is to help Nova Scotia communities build and revitalize their public municipal infrastructure that supports national objectives of productivity and economic growth, a clean environment and strong cities and communities; and

THEREFORE, the parties agree as follows:

1. PURPOSE

This Municipal Funding Agreement (MFA) sets out the roles and responsibilities of Nova Scotia and the Municipality for the administration of the GTF.

2. CONTEXT

With the Administrative Agreement, Canada and Nova Scotia wish to help communities build and revitalize their public infrastructure that supports national objectives of productivity and economic growth, a clean environment and strong cities and communities, building on:

- The success of the First Agreement;
- Section 161 of the *Keeping Canada's Economy and Jobs Growing Act*, S.C. 2011, c. 24, under which the Government of Canada makes up to \$2 billion per year available for allocation by the Government of Canada for the purpose of municipal, regional and First Nations infrastructure starting in 2014-2015;
- *Economic Action Plan 2013*, through which the Government of Canada announced a renewed GTF which included the indexation of the gas tax funding at two per cent per year, with increases to be applied in \$100 million increments (confirmed through section 161 of the *Keeping Canada's Economy and Jobs Growing Act*, S.C. 2011, c. 24 as amended by section 233 of the *Economic Action Plan 2013 Act, No. 1*, S.C. 2013, c. 33);
- *Economic Action Plan 2013* which encouraged provinces, territories, cities and communities to support the use of apprentices in infrastructure projects receiving federal funding. Canada recognizes that Nova Scotia has developed and implemented its own initiatives with regards to the use of apprentices in infrastructure projects;
- *Economic Action Plan 2013*, through which the Government of Canada announced an expanded list of GTF eligible project categories and encouragement for asset management planning;

3. PRINCIPLES

Nova Scotia and the Municipality acknowledge that this MFA is based on the following principles:

- Principle 1 – Respect for jurisdiction:** The GTF was designed to leverage the strengths of each level of government and is based on the principle that each has areas of jurisdiction and is accountable to its population. Nova Scotia respects the jurisdiction of its municipalities and their autonomy.
- Principle 2 – A flexible approach:** In recognition of the diversity of Nova Scotia municipalities, the GTF recognizes the need for a flexible approach to program delivery. Wherever possible, the GTF aims to employ regionally adapted delivery mechanisms, including the leveraging of existing delivery mechanisms and reporting structures.

- c. **Principle 3 – Equity between jurisdictions:** The GTF recognizes the importance of ensuring that the inter-provincial/territorial allocation is equitable while supporting meaningful infrastructure investments within the least populated jurisdictions.
- d. **Principle 4 – Long-term solutions:** The GTF provides predictable, long-term funding for communities, where communities choose projects locally and prioritize them according to their needs, while respecting the principle of incrementality and not displacing current infrastructure investments.
- e. **Principle 5 – Transparency:** The GTF is administered via an open and transparent governance process which recognizes and communicates Canada’s contribution to communities’ infrastructure priorities and includes regular program evaluations and progress reporting to Canadians.

4. ANNEXES AND SCHEDULES

The following annexes and schedules are attached to and form part of the MFA:

- Annex A: Definitions
- Annex B: Terms and Conditions, including:
 - 1. Allocation of Funds
 - 2. Delivery Mechanism
- Schedule A: Municipality Requirements
- Schedule B: Eligible Project Categories
- Schedule C: Eligible and Ineligible Expenditures
- Schedule D: Reporting
- Schedule E: Communications Protocol
- Schedule F: Asset Management

5. DEFINITIONS

Unless defined elsewhere in this Agreement, capitalized words used throughout this MFA are defined in Annex A (Definitions).

6. FEDERAL GAS TAX FUND

- 6.1 Any GTF funding that may be transferred by Nova Scotia to the Municipality, when transferred, will be administered by the Municipality in accordance with this MFA, including the terms and conditions set out in Annex B (Terms and Conditions).
- 6.2 Any Unspent Funds, and any interest earned thereon, will be subject to the terms and conditions of this MFA and will no longer be governed by the terms and conditions of the previous Municipal Funding Agreement.

7. GENERAL

- 7.1 Nova Scotia and the Municipality acknowledge the financial contribution by Canada under this MFA and, in consideration of that contribution and notwithstanding that Canada is not a signatory to this MFA; the parties agree that the terms of this MFA applicable to, or with respect to, Canada are for its sole benefit.
- 7.2 Nothing in this MFA is to be construed as authorizing one Party to contract for or to incur any obligation on behalf of the other or to act as an agent for the other. Nothing in this MFA is to be construed as authorizing the Municipality, a Non-Municipal Entity, or any Third Party to contract for or to incur any obligation on behalf of either Party or to act as an agent for either Party.
- 7.3 The parties agree to give this MFA a fair and reasonable interpretation and, when required, to negotiate with fairness and candour any modifications or alteration thereof for the purpose of carrying out the intent of the MFA and or rectifying any omission in any of these provisions.
- 7.4 If there is a conflict between this MFA and the Administrative Agreement, the provisions of the Administrative Agreement will apply.

8. DURATION, TERMINATION, AMENDMENT AND DEFAULT

- 8.1 This MFA will be effective as of April 1, 2014, and will be in effect until March 31, 2024, unless Nova Scotia and Canada agree to renew it. In the event where this MFA is not renewed, any GTF funding, Unspent Funds, and any interest earned held by the Municipality, that have not been expended on Eligible Projects as of March 31, 2024, will nevertheless continue to be subject to this MFA until such time as may be determined by Nova Scotia and Canada.
- 8.2 This MFA may be amended at any time in writing as agreed to by Nova Scotia and Canada.
- 8.3 This MFA may be terminated at any time and for any reason by Canada, Nova Scotia or the Municipality on two (2) years written notice. In the event where this MFA is so terminated, any GTF funding, Unspent Funds, and any interest earned that is held by Nova Scotia or the Municipality that have not been expended on Eligible Projects as of the date of termination will nevertheless continue to be subject to this MFA until such time as may be determined by Nova Scotia and Canada.

8.4 Nova Scotia may declare a default of the MFA if a Municipality:

- a) has failed to comply with any condition, undertaking or material term of this MFA;
- b) fails to implement or operate a project within the term of the MFA;
- c) fails to obtain the necessary licenses, permits or approvals required to implement a project;
- d) fails to implement any environmental mitigation requirements; or
- e) fails to meet the reporting requirements of this MFA.

8.5 Nova Scotia will not declare a default of the MFA has occurred unless it has consulted with and given notice in writing to the Municipality of the occurrence which, in the opinion of Nova Scotia, constitutes an event of default.

8.6 The Municipality shall, within 30 days of receipt of the notice, either correct the condition that has led to the serving of notice, or demonstrate to the satisfaction of Nova Scotia that it has taken such steps as are necessary to correct the said condition.

8.7 If a default of the MFA occurs, Nova Scotia may inform the Municipality by notice in writing that Nova Scotia's obligation to transfer funds, or the balance of funds, to the Municipality is hereby terminated and if requested in writing, the Municipality agrees to reimburse Nova Scotia for the amount dispersed.

8.8 In addition to any other remedy available at law, Nova Scotia reserves the right of set-off to recover any overpayments made to, or amounts owing by, the Municipality under this MFA.

8.9 The Municipality will indemnify and save harmless each of Canada and Nova Scotia and each of their respective ministers, servants, officers, employees and agents from and against all claims, liabilities, and demands of any kind with respect to any injury or death to a person, or damage to or loss or destruction of property, economic loss or infringement of rights by or arising directly or indirectly from:

- a) the Administrative Agreement and this MFA;
- b) the performance of this MFA or the breach of any term or condition of it by the Municipality, a Non-Municipal Entity, or a Third Party and any of its officers, employees, servants or agents;
- c) the ongoing operation, maintenance and repair of the municipal Infrastructure

resulting from the project(s);

- d) any omission or other wilful or negligent act of the Municipality, a Non-Municipal Entity, or a Third Party, and their respective employees, officers, servants or agents.

8.10 The Parties' rights and obligations respecting access to records, liability for projects, and retaining title will survive the expiry or early termination of this MFA.

9. CORRESPONDENCE

9.1 Any notice or communication authorized or permitted with respect to this MFA shall be effectively given if:

- a) delivered by hand; or
- b) sent by letter; or
- c) sent by electronic mail; or
- d) sent by facsimile (FAX)

9.2 Any notice or communication required or permitted by this MFA to be made by the Municipality shall be provided to:

Hardy Stuckless
Manager, Corporate Services
Canada-Nova Scotia Infrastructure Secretariat
Department of Municipal Affairs
1505 Barrington Street
Maritime Centre, 14 North
P.O. Box 216
Halifax, Nova Scotia
B3J 2M4
Telephone: 902-424-2770
Facsimile: 902-424-0821
Email: stucklhg@gov.ns.ca

10. Signatures

IN WITNESS WHEREOF, Nova Scotia and the Municipality have respectively executed, sealed and delivered this Municipal Funding Agreement on the date set out on the front page.

HALIFAX REGIONAL MUNICIPALITY

By:

Name:

Title:

Date

Name:

Title:

Date

DEPARTMENT OF MUNICIPAL AFFAIRS

By:

Honourable Mark Furey
Minister of Municipal Affairs

Date

In the presence of:

Witness:

Date

ANNEX A DEFINITIONS

“Administrative Agreement” means the Canada-Nova Scotia agreement on the Federal Gas Tax fund which sets out the roles and responsibilities of Canada and Nova Scotia for the administration of the GTF, including attached Annexes and Schedules.

“Annual Expenditure Report” means the duly completed annual report to be prepared and delivered by the Municipality to Nova Scotia, as described in Schedule D (Reporting).

“Asset Management Plan” means documents that support integrated, lifecycle approaches to effective stewardship of infrastructure assets in order to maximize benefits, and manage risk. Plans can include:

- a Capital Investment Plan;
- an inventory of assets;
- the condition of infrastructure;
- level of service or risk assessment;
- a cost analysis;
- community priority setting;
- financial planning.

“Capital Investment Plan” means a template created by Nova Scotia to be used by a Municipality through a public process, providing a detailed understanding of anticipated investments into tangible capital assets that are considered priorities.

“Contract” means an agreement between a Municipality and a Third Party whereby the latter agrees to supply a product or service for an Eligible Project in return for financial consideration.

“Eligible Expenditures” means those expenditures described as eligible in Schedule C (Eligible and Ineligible Expenditures).

“Eligible Projects” means projects as described in Schedule B (Eligible Project Categories).

“First Agreement” means the agreement for the transfer of Federal Gas Tax Revenues entered into on September 23, 2005 by the Government of Canada and the Government of Nova Scotia, with an expiry date of March 31, 2015, as amended on March 19, 2007, July 23, 2008 and August 27, 2008;

“Fiscal Year” means the period beginning April 1 of a year and ending on March 31 of the following year.

“Funds” mean the Funds made available to the Municipality through the Gas Tax Fund, a program established by the Government of Canada under Section 161 of the Keeping Canada’s Economy and Jobs Growing Act, S.C. 2011, c. 24 as amended by Section 233 of the Economic

Action Plan 2013 Act, No. 1, S.C. 2013, C. 33 or any other source of funding as determined by Canada. Funds are made available pursuant to this Agreement and includes any interest earned on the said Funds.

“GTF” means the Gas Tax Fund, a program established by the Government of Canada setting out the terms and conditions for the administration of funding that may be provided by Canada to Municipalities under section 161 of the Keeping Canada’s Economy and Jobs Growing Act, S.C. 2011, c. 24 as amended by section 233 of the Economic Action Plan 2013 Act, No. 1, S.C. 2013, c. 33, or any other source of funding as determined by Canada.

“Ineligible Expenditures” means those expenditures described as ineligible in Schedule C (Eligible and Ineligible Expenditures).

“Infrastructure” means municipal or regional, publicly or privately owned, tangible capital assets primarily for public use or benefit in Nova Scotia.

HRM Base Amount is \$58 million annually which represents a three-year average (2001/02, 2002/03, and 2003/04) of capital asset acquisitions taken from the HRM financial statements less capital projects that were funded partially or totally by senior governments.

“Municipality” means a municipality in Nova Scotia incorporated or continued pursuant to the Nova Scotia Municipal Government Act or the HRM Charter, and including, a regional municipality, town or county or district municipality.

“Municipal Funding Agreement (MFA)” means this Municipal Gas Tax Fund Agreement entered into by Nova Scotia and the Municipality which sets out the roles and responsibilities of Nova Scotia and the Municipality for administration of the GTF, including the Annexes and Schedules attached hereto.

“Non-Municipal Entity” means an entity that is a not-for-profit, for profit, or non-governmental organization.

“Parties” means Nova Scotia and the Municipality.

“Third Party” means any person or legal entity, other than, Nova Scotia or a Municipality, who participates in the implementation of an Eligible Project by means of a Contract.

“Unspent Funds” means the amount of GTF funding held by a Municipality that is reported as not being spent on Eligible Expenditures at the end of each Fiscal Year.

ANNEX B

TERMS AND CONDITIONS

1. ALLOCATION OF FUNDS

- 1.1 Nova Scotia agrees to allocate any GTF funding that may be received by Nova Scotia from Canada to Municipalities solely for Eligible Projects as detailed in Schedule B (Eligible Project Categories) and solely for the purpose of Eligible Expenses as detailed in Schedule C (Eligible and Ineligible Expenditures). Municipal allocations will be based upon a formula as recommended by the Union of Nova Scotia Municipalities as per the Administrative Agreement.

2. DELIVERY MECHANISM

- 2.1 Payments to the Municipality shall not be made unless Nova Scotia is in receipt of GTF funds from Canada.
- 2.2 If Canada does not provide sufficient Funds for any Fiscal Year during which this MFA is in effect, Nova Scotia may terminate the MFA and is not liable for any affects this action may cause Municipalities nor is Nova Scotia obligated to compensate the Municipality for the loss of Funding.
- 2.2 Nova Scotia will distribute any GTF funding received from Canada to the Municipality, in accordance with this MFA and the Administrative Agreement. The distribution of said GTF funds to the Municipality will be subject to the Municipality meeting terms and conditions of the MFA.
- 2.3 The Municipality agrees that GTF funding shall be used only for Eligible Projects as identified in Schedule B to this MFA and solely in respect of Eligible Expenditures as identified in Schedule C of the MFA.
- 2.4 Any GTF allocation will be treated as federal funds with respect to other federal Infrastructure programs. GTF funding may be used to pay up to 100 per cent of Eligible Expenditures of an Eligible Project.

SCHEDULE A – Municipality Requirements

The Municipality agrees to:

1. Records and Audit

- 1.1 Keep proper and accurate accounts and records in respect of all Eligible Projects for at least six (6) years after completion of the Eligible Project and, upon reasonable notice, make them available to Canada or Nova Scotia.
- 1.2 Record, separately and distinctly, any GTF funding, including any interest earned, that it receives from Nova Scotia in advance of paying Eligible Expenditures.
- 1.3 Allow Canada or Nova Scotia reasonable and timely access to all of its documentation, records and accounts and those of their respective agents, Non-Municipal Entities or Third Parties related to the use of GTF funding and Unspent Funds, and any interest earned thereon, and all other relevant information and documentation requested by Canada or Nova Scotia, or their designated representatives, for the purposes of audit, evaluation, and ensuring compliance with this MFA.

2. Projects and Costs

- 2.1 Use funds only for the purpose of paying for Eligible Expenditures incurred with respect to Eligible Projects in accordance with Schedule B (Eligible Project Categories) and Schedule C (Eligible and Ineligible Expenditures).
- 2.2 Be responsible for the completion of each Eligible Project in accordance with Schedule B (Eligible Project Categories) and Schedule C (Eligible and Ineligible Expenditures).
- 2.3 Complete all projects by December 31, 2024, without exception, and acknowledge that any costs incurred after that date are not Eligible Expenditures.
- 2.4 Acknowledge that any funds received by the Municipality that are not used for the purpose of paying for Eligible Expenditures incurred by December 31, 2024, with respect to Eligible Projects, shall be a debt due to Nova Scotia by the Municipality.
- 2.5 Transfer of Funds to a Non-Municipal Entity. A Municipality can choose to support an Eligible Project using GTF Funds that is to be undertaken by a Non-Municipal Entity provided that the project is for public use or benefit in Nova Scotia and is subject to the following:

- a) The provision of such support shall be authorized by a formal resolution of Council. The resolution is to be submitted to Nova Scotia as soon as practicable thereafter. The resolution of Council shall identify the Eligible Project, the Non-Municipal Entity, and the amount of Funds they are to receive for that Eligible Project.
- b) The Municipality shall continue to be bound by all of the provisions of this MFA notwithstanding any such transfer.
- c) No transfer of Funds pursuant to this Section 2.6 shall be in effect unless and until the Non-Municipal Entity receiving the Funds has executed and delivered to Nova Scotia a written undertaking to abide by the Municipality's obligations under this MFA with respect to the Funds transferred, in a form satisfactory to Nova Scotia.

3. Non-Compliance

- 3.1 Acknowledge that Nova Scotia may, without limiting any of the remedies available to Nova Scotia, withhold payment to the Municipality, reduce payments to the Municipality, or demand the return of any payment or part thereof, if the Municipality does not comply with the terms and conditions of this MFA. Any payment or part thereof demanded by Nova Scotia and not returned by the Municipality shall be a debt due to Nova Scotia.

4. Reporting

- 4.1 Comply with all requirements outlined in Schedule D (Reporting).

5. Communications

- 5.1 Comply with all requests for communications reporting and follow all Municipal Communications requirements as outlined in Schedule E (Communications Protocol).

6. Incrementality

- 6.1 Any Funds that a Municipality may receive from Canada are not intended to replace or displace existing sources of funding for the Municipality's tangible capital assets. Halifax Regional Municipality shall ensure that its average annual capital spending on municipal infrastructure over the period of April 1, 2014, to March 31, 2024, will not be less than the HRM Base Amount by continuing to invest in capital municipal infrastructure projects in addition to this and other grants.

7. Legislative/Environmental Compliance and Licensing

- 7.1 Comply with all legislated environmental assessment requirements and commit that no funds will be expended on Eligible Projects until all environmental assessment and legislative requirements have been met.
- a) Agree that all certificates, consents, permits, licenses and approvals required for compliance with applicable legislation have been or will be obtained; that the Municipality will otherwise comply with the requirements of such legislation; and will comply with any mitigating measures identified through the environmental assessment process.
 - b) Agree that failure to implement any mitigating measures identified through the environmental assessment process shall constitute an Event of Default.
- 7.2 Obtain all necessary licenses, permits, and approvals required to undertake Eligible Projects by applicable legislation, regulations and by-laws.
- 7.3 Comply with all applicable labour and human rights legislation.

8. Ownership

- 8.1 If at any time within five (5) years from the date of completion of the Eligible Project, the Municipality or Non-Municipal Entity sells, leases, encumbers or otherwise disposes of, directly or indirectly, any asset constructed, rehabilitated or improved, in whole or in part, with Funds contributed by Canada under the terms of this MFA, the Municipality must notify Nova Scotia of its intent in advance. The Municipality must invest into Eligible Projects, any revenue that is generated from the sale, lease, encumbrance or other disposal of an asset resulting from an Eligible Project where such disposal takes place within five (5) years of the date of completion of the Eligible Project.

9. Indemnity

- 9.1 Ensure that they will not, at any time, hold the Government of Canada or Nova Scotia, its officers, servants, employees or agents responsible for any claims or losses of any kind that they, Third Parties or any other person or entity may suffer in relation to any matter related to GTF funding or an Eligible Project and that they will, at all times, compensate the Government of Canada or Nova Scotia, its officers, servants, employees and agents for any claims or losses of any kind that any of them may suffer in relation to any matter related to GTF funding or an Eligible Project.

10. Best Practices

- 10.1 Ensure that, on any Eligible Project, the work shall be carried out in accordance with the rules, regulations and laws governing such works and in accordance with the best general practices then current at the time of construction of the project.

11. Tenders and Contracts

- 11.1 With respect to Contracts, award and manage all Contracts in accordance with their relevant policies and procedures and, if applicable, in accordance with the Agreement on Internal Trade and applicable international and interprovincial trade agreements, and all other applicable laws.
- 11.2 Act in accordance with the requirements of Schedule C, Section 1.2 if the Municipality chooses to utilize its employees and equipment for the project.

12. Asset Management

- 12.1 Nova Scotia will consult with Municipalities to develop and begin implementation of a province-wide Asset Management Plan prior to December 31, 2016. It is a requirement of the MFA that Municipalities participate in the Asset Management Plan in a manner deemed satisfactory by Nova Scotia which is anticipated to include, at a minimum, an inventory of assets as well as the condition of the infrastructure. In order to satisfy Canada's Asset Management requirements from the Administrative Agreement, each Municipality will also continue to submit 5-year Capital Investment Plans to Nova Scotia annually as per Schedule D, Section 2 of the MFA. Supplementary reporting guidelines with respect to Asset Management will be issued by Nova Scotia and provided to the Municipality.

13. General

- 13.1 Ensure its actions do not establish or be deemed to establish a partnership, joint venture, principal-agent relationship or employer-employee relationship in any way or for any purpose whatsoever between Canada and the Municipality, Nova Scotia and the Municipality, between Canada and a Third Party, or between Nova Scotia and a Third Party.
- 13.2 Ensure that they do not represent themselves, including in any agreement with a Third Party, as a partner, employee or agent of Canada or Nova Scotia.
- 13.3 Ensure that no current or former public servant or public office holder to whom any post-employment, ethics and conflict of interest legislation, guidelines, codes or policies of

Canada applies, will derive direct benefit from GTF funding, Unspent Funds, and interest earned thereon, unless the provision or receipt of such benefits is in compliance with such legislation, guidelines, policies or codes.

SCHEDULE B – Eligible 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, hiking and walking trails).
2. Highways – highway infrastructure.
3. Short-sea shipping – infrastructure related to the movement of cargo and/or 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 Canadian 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:
 - 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 (ex. 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.

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

SCHEDULE C – Eligible and Ineligible Expenditures

1. Eligible Expenditures

1.1 Eligible Expenditures of the Municipality will be limited to the following:

- a) the expenditures 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;
- b) for capacity building category only, the expenditures related to strengthening the ability of Municipalities to improve local and regional planning including Capital Plans, life-cycle cost assessments, and Asset Management Plans. The expenditures could include developing and implementing:
 - i. studies, strategies, or systems related to asset management, which may include software acquisition and implementation;
 - ii. training directly related to asset management planning; and,
 - iii. long-term infrastructure plans.
- c) the expenditures directly associated with joint communication activities and with federal project signage for GTF-funded projects.

1.2 Employee and Equipment Costs: The incremental costs of the Municipality's employees or leasing of equipment may be included as Eligible Expenditures under the following conditions:

- a) the Municipality is able to demonstrate that it is not economically feasible to tender a contract;
- b) the employee or equipment is engaged directly in respect of the work that would have been the subject of the contract; and
- c) the arrangement is approved in advance and in writing by Nova Scotia.

2. Ineligible Expenditures

2.1 The following are deemed Ineligible Expenditures:

- a) project expenditures incurred before April 1, 2005;
- b) project expenditures incurred before April 1, 2014 for the following investment categories:
 - i. highways;
 - ii. regional and local airports
 - iii. short-sea shipping;
 - iv. disaster mitigation;
 - v. broadband connectivity;
 - vi. brownfield redevelopment;
 - vii. cultural infrastructure;
 - viii. tourism infrastructure;
 - ix. sport infrastructure; and
 - x. recreational infrastructure.
- c) the cost of leasing of equipment by the Municipality, any overhead costs, including salaries and other employment benefits of any employees of the Municipality, the direct or indirect operating or administrative costs of the Municipality, and more specifically, costs related to planning, engineering, architecture, supervision, management and other activities normally carried out by its staff, except in accordance with Eligible Expenditures above;
- d) taxes for which the Municipality is eligible for a tax rebate and all other costs eligible for rebates;
- e) purchase of land or any interest therein, and related costs;
- f) legal fees; and
- g) routine repair and maintenance costs.

SCHEDULE D – Reporting

1. Annual Expenditure Report

- 1.1** Due by July 31st of each year, the Municipality will use the online reporting template as provided by Nova Scotia to submit an Annual Expenditure Report, in respect of the prior Fiscal Year, which includes information on projects undertaken by the Municipality and projects undertaken by other Non-Municipal Entities. Municipalities are also encouraged to provide an interim version of the Annual Expenditure Report by May 30th of each Fiscal Year. The Annual Report will include:
- a) the amounts received from Nova Scotia under this MFA in respect of the previous Municipal Fiscal Year;
 - b) the amounts received from another Municipality (if applicable);
 - c) the amounts transferred to another Municipality (if applicable);
 - d) amounts paid by the Municipality in aggregate for Eligible Projects;
 - e) amounts held at year end by the Municipality in aggregate, including interest, to pay for Eligible Projects;
 - f) a listing of all Eligible Projects that have been funded, indicating the location, project start and end dates, investment category, investment amount and identity of all sources of funding; and,
 - g) the nature of the investment and the outcomes achieved, as identified within the online reporting template.
 - h) certification by an authorized senior official of the Municipality that it is in compliance with the terms and conditions of this MFA.

2. Capital Investment Plan

- 2.1** The Municipality will provide to Nova Scotia a Capital Investment Plan using an online template to be provided by the Province.
- 2.2** The Capital Investment Plan is due to Nova Scotia by September 1st of each year and will include a list of planned capital projects along with required project-specific information over a minimum of five (5) years. Gas Tax Eligible Projects are to be identified along with the funding sources for each. Projects proposed for funding by GTF must be approved by the Municipal Council.

3. Outcomes

- 3.1 A Municipality shall submit an outcomes report to Nova Scotia on each completed project, consistent with the requirements of the Administrative Agreement.
- 3.2 Supplementary reporting guidelines with respect to outcome measures will be issued by Nova Scotia and provided to the Municipality.

4. Communications Reports

- 4.1 Municipalities must comply with any requests made to gather information for communication purposes. This may include, but is not limited to, an annual project information report that will be used for event planning, project outcomes information, and signage installation updates.

5. Other Reports

- 5.1 All reporting that is due to the Department of Municipal Affairs from the Municipality must be received in a form satisfactory to Nova Scotia prior to their GTF allocations being sent. These reports include, but are not limited to, all reports mentioned in Schedule D of this MFA, as well as Audited Financial Statements, Statements of Estimates, and Financial Information Returns.

6. General

- 6.1 Reports must be in a format and include the content as determined by Nova Scotia, consistent with the requirements of the Administrative Agreement.
- 6.2 Supplementary reporting guidelines with respect to Asset Management will be issued by Nova Scotia and provided to the Municipality.

SCHEDULE E – Communications Protocol

1. Purpose

- 1.1 The provisions of this Communications Protocol apply to all communications activities related to any GTF funding, including allocations, and Eligible Projects funded under this Administrative Agreement. Communications activities may include, but are not limited to, public or media events, news releases, reports, web articles, blogs, project signs, digital signs, publications, success stories and vignettes, photo compilations, videos, advertising campaigns, awareness campaigns, editorials, awards programs, and multi-media products.

2. Project signage

- 2.1 Canada, Nova Scotia and the Municipality may each have a sign recognizing their contribution to Eligible Projects.
- 2.2 The Municipality will install a federal sign to recognize federal funding at Eligible Project site(s). Federal sign design, content, and installation guidelines will be provided by Canada and included in the joint communications approach when available.
- 2.3 Where Nova Scotia or the Municipality decides to install a permanent plaque or other suitable marker with respect to an Eligible Project, it must recognize the federal contribution to the Eligible Project(s) and be approved by Canada.
- 2.4 The Municipality is responsible for the production and installation of Eligible Project signage, or as otherwise agreed upon.
- 2.5 The Municipality agrees to inform Nova Scotia of signage installations on a basis as provided for in the joint communications approach.

3. Media events and Announcements for Eligible Projects

- 3.1 Key milestones may be marked by public events, news releases and/or other mechanisms. Media events include, but are not limited to, news conferences, public announcements, official events or ceremonies, and news releases.
- 3.2 Canada, Nova Scotia or the Municipality may request a media event.
- 3.3 Media events related to Eligible Projects will not occur without the prior knowledge and agreement of Canada, Nova Scotia and the Municipality.

- 3.4 The requestor of a media event will provide at least 15 working days' notice to other parties of their intention to undertake such an event. The event will take place at a mutually agreed date and location. Canada, Nova Scotia and the Municipality will have the opportunity to participate in such events through a designated representative. Canada, Nova Scotia and the Municipality will choose their own designated representative.
- 3.5 The conduct of all joint media events and products will follow the Table of Precedence for Canada as outlined at <http://www.pch.gc.ca/pgm/ceem-cced/prtcl/precedence-eng.cfm>.
- 3.6 All joint communications material related to media events must be approved by Canada and recognize the funding of the parties.
- 3.7 All joint communications material must reflect Canada's policy on official languages and the federal identity program.

4. Program communications

- 4.1 Canada, Nova Scotia and the Municipality may include messaging in their own communications products and activities with regard to the GTF.
- 4.2 The party undertaking these activities will provide the opportunity for the other parties to participate, where appropriate, and will recognize the funding of all contributors.
- 4.3 Canada, Nova Scotia and the Municipality agree that they will not unreasonably restrict the other parties from using, for their own purposes, public communications products related to the GTF prepared by Canada, Nova Scotia or the Municipality, or, if web-based, from linking to it.
- 4.4 Notwithstanding Section 3 of this schedule, Canada retains the right to meet its obligations to communicate information to Canadians about the GTF and the use of funding through communications products and activities.

5. Operational Communications

- 5.1 The Municipality is solely responsible for operational communications with respect to Eligible Projects, including but not limited to, calls for tender, construction, and public safety notices. Operational communications as described above are not subject to the federal official language policy.
- 5.2 The Municipality will share information promptly with Nova Scotia should significant emerging media or stakeholder issues relating to an Eligible Project arise. Canada and

SCHEDULE F – Asset Management

Nova Scotia will consult with Municipalities to develop and begin implementation of a province-wide Asset Management Plan prior to December 31, 2016. It is a requirement of the MFA that Municipalities participate in the Asset Management Plan in a manner deemed satisfactory by Nova Scotia which is anticipated to include, at a minimum, an inventory of assets as well as the condition of the infrastructure. In order to satisfy Canada's Asset Management requirements from the Administrative Agreement, each Municipality will also continue to submit 5-year Capital Investment Plans to Nova Scotia annually as per Schedule D, Section 2 of the MFA. Supplementary reporting guidelines with respect to Asset Management will be issued by Nova Scotia and provided to the Municipality.