



Information Session

New Administrative Agreement on the Gas Tax Fund (GTF)

June 4, 2014

DELG

Overview of presentation

- Why a Gas Tax Fund?
- Details of the new agreement
- Differences between agreements
- New GTF data management system
- Important points to note
- Other things to consider
- Question period

Why a Gas Tax Fund?

- Major deficit issues with municipal type infrastructure
- NB estimates that for water, wastewater, and other “green” infrastructure the deficit is in the \$1 billion range
- GTF was to provide funding to address these issues while providing benefits and measurable
- Municipalities asked for a reliable source of funding to allow for planning

Details of the new agreement

- 10-year agreement (ongoing)
- Two five-year Capital Investment Plans (CIP) will be required
 - 2014-2018 (Phase III)
 - 2019-2023 (Phase IV)

Details of the new agreement (*cont'd*)

- Eleven new project categories are added to the seven existing ones.

Existing categories:

1. Drinking water
2. Wastewater
3. Local roads and bridges
4. Solid waste
5. Community energy systems
6. Public transit
7. Capacity building

Details of the new agreement (*cont'd*)

New categories:

8. Brownfield redevelopment
9. Sport infrastructure
10. Recreational infrastructure
11. Cultural infrastructure
12. Tourism infrastructure
13. Regional and local airports
14. Disaster mitigation

New categories not managed by NB municipalities:

15. Highways
16. Broadband connectivity
17. Short-line rail
18. Short-sea shipping

*Please note that categories 3 (Roads and bridges), 9, 10, 11, and 12 will not be included in the New Building Canada Fund.

Details of the new agreement (cont'd)

2014-2018

- Allocation of \$225,276,000 in federal funding over five years.
- GTF funds are subject to federal funding stacking rules.
 - GTF cannot be used to fund part of a NBCF project
- Up to 1.35% will be deducted from the total every year for administration of the program by the Province.
- The balance is divided as follows:
 - 80% for Incorporated Areas (municipalities, regional municipalities, and rural communities incorporated before April 1, 2014)

http://www2.gnb.ca/content/gnb/en/departments/elg/local_government.html

20% for Unincorporated Areas

Details of the new agreement (cont'd)

Projected distribution of GTF funding for 2014-2018

	2014	2015	2016	2017	2018	Total 2014-2018
Annual Budget	\$43,322,200	\$43,322,200	\$45,488,200	\$45,488,200	\$47,655,200	\$225,276,000
Admin. expenses (up to 1.35%)	\$584,850	\$584,850	\$614,091	\$614,091	\$643,345	\$3,041,227
Balance	\$42,737,350	\$42,737,350	\$44,874,109	\$44,874,109	\$47,011,855	\$222,234,773
Incorporated Areas (80% of balance)	\$34,189,880	\$34,189,880	\$35,899,287	\$35,899,287	\$37,609,484	\$177,787,818
Unincorporated Areas (20% of balance)	\$8,547,470	\$8,547,470	\$8,974,822	\$8,974,822	\$9,402,371	\$44,446,955
						\$225,276,000

Details of the new agreement (*cont'd*)

2014-2018

Incorporated Areas

- Distribution according to 2011 census.
- 107 incorporated entities share 80% of the balance.
- Incorporated entities include municipalities, regional municipalities, and rural communities.
- On April 1, 2019, all new incorporated entities established between April 1, 2014, and March 31, 2019, will be entitled to receive GTF funding according to the same rules as the other incorporated entities.

Details of the new agreement (cont'd)

2014-2018

- Payments will be made twice per year.
- Incorporated entities will have to produce a Capital Asset Management Plan (CAMP) by March 31, 2018, which will include, at a minimum:
 - a complete inventory of the infrastructure assets of the incorporated entity
 - a report on the physical condition of the infrastructure
 - a list of priorities for lifecycle management of the infrastructures, based on the GTF recipient's needs and planning.
 - Capital Asset Mgmt. Plans can be funded with your Gas Tax Funds
- If any reports are missing, subsequent payments will be withheld until those reports have been duly received.

Details of the new agreement (*cont'd*)

Unincorporated Areas

- It is expected that an amount under the unincorporated portion could be directed to incorporated entities established during the period (i.e., April 1, 2014 – March 31, 2019).
- The newly created entities will be able to propose projects that will be evaluated on a case-by-case basis and providing municipal core services will be a condition.
- Projects providing LSD residents municipal core services are of interest, with or without annexation of the area.

Differences between agreements

- Obligation to have a distinct bank account.
- Obligation to comply with the standards of the *Public Sector Accounting Board* (PSAB).
- Interest must be reinvested in GTF projects. Since January 2014, interest earned may not be used to pay for the program's administrative expenses.

Differences between agreements (*cont'd*)

- The annual report will no longer need to be audited by your auditor.
- Auditing will be carried out by the Province.
- Your expenditure report is required by May 1 of the following year for this purpose.

Differences between agreements (*cont'd*)

- Obligation to specify, at the beginning of the year, whether scheduled projects are still expected to be delivered.
- Please provide an anticipated start date and end date (end date only if project is ending during the year).
- Dates will be used to plan project announcements.

Differences between agreements (*cont'd*)

- The Province will produce the GTF signs to promote projects selected by the federal government. This cost will be covered under the administration budget by the Province. However, we would ask your assistance in the installation of these signs.
- These signs must be installed at least one month before work begins and must remain in place for one month after work ends.
- Incorporated entities are asked to keep the signs in good condition in a secure location, if possible.

New GTF data management system

- The Department has developed a new GTF electronic data management system.
- A Web interface that is being developed will enable incorporated entities to submit:
 - CIP
 - requests to amend CIP
 - annual expenditure reports
 - Outcomes report
- This Web component will help speed up the submission and authorization of documents.

New GTF data management system (*cont'd*)

- The system will also enable you to view:
 - authorized content from your CIP
 - your annual expenditure reports.
- This tool is expected to be available this fall.
- Until then, you can submit your CIPs to us on paper or by email. A sample form will be sent out shortly.

Important points to note

- Phase-I and-II funding that is unspent after April 1, 2014, will be transferred to Phase III.
- This funding will be subject to the terms and conditions of the new agreement, including the new categories.
- **All projects already under way must be completed, regardless of the phases of the agreement.**
- Continuing obligations: audited annual expenditure report for 2013 and outcomes report, once the data are available.

Important points to note (*cont'd*)

- The GTF provides funding for current-year or future projects.
- Projects submitted after the end of the fiscal year will be rejected.
- Your capital expenditures must reach your base amount, otherwise your payments will be withheld.

Important points to note (*cont'd*)

- Incorporated entities may share their GTF allocation with for-profit, not-for profit, or non-governmental organizations.
- A contract must be signed with the organization to ensure that it honours the terms and conditions of the agreement.
- Kindly check with us to verify eligibility.

Important points to note (*cont'd*)

- Annual outcomes reports will be required. More details will follow.
- Only the portion of the HST that cannot be claimed from the Receiver General for Canada may be allocated to GTF projects.

Consider Climate Change in CIP & Asset Manag.

- **Adapting to a Changing Climate**
- Consider the vulnerabilities or hazards:
 - E.g. Increased precipitation and extreme rainfall events, over land flooding, sea level rise and storm surges, coastal erosion, freeze-thaw cycles, ice storms
- Potential actions:
 - Vulnerability Assessment and Adaptation Planning
 - On the ground actions
 - E.g. appropriate sizing of pipes for storm water management, location of new infrastructure, design of infrastructure, flood proofing.
- Consider future climate conditions in all decision making

Consider Climate Change in CIP & Asset Manag.

- **Reducing Green House Gas (GHG) Emissions**
- Consider opportunities to leverage capital renewal to reduce costs and avoid locking-in long lived high energy consuming (GHG emitting) infrastructure through energy efficiency and clean energy development in:
 - **Municipal Operations:** improvements in energy efficiency/fuel switching of buildings, fleets and equipment.
 - **Solid Waste:** improved capture of landfill gas.
 - **Buildings:** construction and retrofit of energy-efficient buildings
 - **Transportation and Land-Use:** reducing private and commercial vehicle trips/kms through public transit, active transportation, smart urban design and planning initiatives
- **For more info: www.gnb.ca/climatechange**

Sustainable Communities

- Consider sustainable community choices
 - Development that gives consideration to density, mixed-use areas, and natural areas
 - For more information:
Daniel Savard, DELG, 444-4391, or
Danielle Charron, AMANB, 453-4229

INFORMATION

Community Funding Branch

**Department of Environment
and Local Government**

444-2654

457-4947



Questions