

**DATE:** August 21, 2019

**FILE:** 1855-03 / Gas Tax

**TO:** Chair and Directors  
Regional District Board

**FROM:** Russell Dyson  
Chief Administrative Officer

Supported by Russell Dyson  
Chief Administrative Officer

*R. Dyson*

**RE: Hornby Island Arts Council - Community Works Funds Contribution  
Hornby Island Arts Centre project**

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### **Purpose**

The purpose of this report is to provide recommendations to the Comox Valley Regional District (CVRD) Board of Directors pertaining to a request by the Hornby Island Arts Council (HIAC) for \$175,000 in Community Works Funds (CWF), to support the construction of a new Arts Centre on Hornby Island, as presented to the Electoral Areas Services Committee (EASC) on June 10 and August 12, 2019.

### **Recommendations from the Chief Administrative Officer:**

1. THAT the Comox Valley Regional District formally indicate its support for the construction of a new Arts Centre on Hornby Island by the Hornby Island Arts Council.
2. THAT the Comox Valley Regional District (CVRD) authorize the transfer of \$175,000 in Community Works Funds (CWF), from the allocation for Denman / Hornby Islands, to the Hornby Island Arts Council towards the eligible construction costs of a new Arts Centre on Hornby Island, subject to:
  - a) Confirmation that all requirements of the CWF agreement between the CVRD and Union of British Columbia Municipalities can continue to be met; and
  - b) A contribution agreement being duly executed between the CVRD and the Hornby Island Arts Council that sets out all pertinent commitments of both parties, including but not limited to those outlined in the August 7, 2019 staff report (Appendix A, pages 3 and 4).

AND FURTHER THAT the Corporate Financial Officer be authorized to execute the final contribution agreement.

3. THAT the 2019 – 2023 Financial Plan for the Administration and General Government service, functions 110 and 111, be amended to increase the 2019 expense for conditional grants to local agencies by \$175,000, as a contribution to the Hornby Island Arts Council towards the construction of a new Arts Centre on Hornby Island to be funded by the Denman / Hornby Islands' allocation of the Comox Valley Regional District's federal gas tax funding (Community Works Fund).

### **Executive Summary**

At the June 10, 2019 meeting of the EASC, Dr. Andrew Mark from the HIAC provided the EASC Directors with information regarding a proposal to build a new Arts Centre on Hornby Island and outlined their request for \$175,000 in CWFs in support of this project.

Staff was subsequently directed to bring forward a report (see Appendix A) to the EASC outlining the status of available community works funds, potential future uses and required authorizations.

At their August 12 meeting, EASC Directors received the report and subsequently approved a \$175,000 contribution of CWF funds to HIAC subject to:

- a) Staff confirming all requirements of the CWF agreement between the CVRD and UBCM being met;
- b) The CVRD indicating support for the project through a formal Board resolution;
- c) Staff being directed to prepare a contribution agreement between the CVRD and the HIAC that sets out all pertinent commitments of both parties, including but not limited to those outlined in the August 7, 2019 staff report; and
- d) The CVRD authorizing by way of a formal Board resolution the transfer of funds to the HIAC to support the project and its eligible costs as outlined in Schedule C of the CWF agreement.

The CWF agreement between UBCM and CVRD does consider that the CVRD may wish to enter into contracts with outside agencies, when and where deemed appropriate, for the implementation of eligible projects that support and/or achieve local strategic priorities, including those strategic priorities adopted by the CVRD Board. Such a third party contribution agreement will therefore be required between the CVRD and HIAC prior to the disbursement of any Community Works Funds.

For any contribution agreements between the CVRD and a non-municipal entity for Community Works Funds, the Board must:

- 1. Indicate its support for the specific project through a formal resolution; and
- 2. Support the transfer of funds to the third party for an eligible project (Schedule B of the CWF agreement) and its eligible costs (Schedule C of the CWF agreement) through a formal resolution.

A financial plan amendment will also be required to enable this contribution to be made.

Prepared by:

Concurrence:

Concurrence:

***J. Douville***

***B. Dunlop***

***H. Siemens***

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Kevin Douville, B.Comm  
Manager of Financial Planning

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Beth Dunlop, CPPB, CPA, CGA  
Corporate Financial Officer

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Howie Siemens  
Acting General Manager of  
Community Services

**Stakeholder Distribution (Upon Agenda Publication)**

Hornby Island Arts Council	✓
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Attachments: Appendix A – “Staff Report dated August 7, 2019 to the EASC Committee regarding the Hornby Island Arts Council Community Works Funds Request”

**DATE:** August 7, 2019**FILE:** 1855-03 / Gas Tax**TO:** Chair and Directors  
Electoral Areas Services Committee**FROM:** Russell Dyson  
Chief Administrative OfficerSupported by Russell Dyson  
Chief Administrative Officer*R. Dyson***RE: Hornby Island Arts Council – Community Works Funds Request****Purpose**

The purpose of this report is to provide subsequent information to the Comox Valley Regional District (CVRD) Board of Directors in respect to the request by the Hornby Island Arts Council (HIAC) for \$175,000 in Community Works Funds (CWF) to support the construction of a new Arts Centre on Hornby Island.

**Recommendations from the Chief Administrative Officer:**

1. THAT the Comox Valley Regional District authorize the implementation of a formalized process as outlined in the August 6, 2019 staff report for the consideration of future requests from external non-profit organizations within the Comox Valley for financial support utilizing Community Works Funds;
2. THAT the request from the Hornby Island Arts Council (HIAC) for \$175,000 in Community Works Funds (CWF) to support the construction of a new Arts Centre on Hornby Island be declined at this time based on:
  - The anticipated high demand for CWF funds to support Comox Valley Regional District (CVRD) service related projects on Hornby and Denman Islands as outlined in the August 6, 2019 staff report;
  - The lack of alignment between HIAC's project proposal and the CVRD's current strategic priorities as approved by the Board; and
  - The perception of an unfair advantage being granted to HIAC when other Comox Valley non-profit organizations have not had a similar opportunity nor been made aware of such funds being available.

**Executive Summary**

At the June 10, 2019 meeting of the Electoral Areas Services Committee (EASC), Dr. Andrew Mark from the HIAC provided the Directors with information regarding a proposal to build a new Arts Centre on Hornby Island and outlined their request for \$175,000 in CWFs in support of this project.

The proposal is well developed and has received support from both the Hornby Island Community Economic Enhancement Corporation (HICEEC) and the Hornby Island Residents & Ratepayers' Association (HIRRA).

CVRD staff was subsequently directed to bring forward a report to the EASC outlining the status of available community works funds, potential future uses and required authorizations.

- A precursory review of community works funds show a potential shortfall of current service demands on the funds through to 2024 although there are presently some unknowns and assumptions being made.
- Community Works Funds are a unique opportunity for the CVRD to fund projects that otherwise would require local taxation to be realized. Our rural services have few other prospects available for funding and opening up CWF funds to outside organizations will set a precedent and will erode such opportunities for our services.
- If however the EASC is to consider this and future project proposals from external non-profit organizations within the Comox Valley, that would be eligible for financial support utilizing CWF, a formalized process would be beneficial:
  - to ensure an established, open and transparent process is in place; and
  - to guide the consideration of all CWF applications, given the finite funding available and the high demand at times on these funds, by ensuring:
    - Staff are able to confirm all requirements of the CWF agreement between the CVRD and UBCM are being met;
    - The CVRD has indicated support for any eligible project through a formal Board resolution;
    - Staff is directed to prepare a contribution agreement between the CVRD and the eligible third party that sets out all pertinent commitments of both parties, including but not limited to those outlined in the August 6, 2019 staff report; and
    - The CVRD supports by way of a formal Board resolution the transfer of funds to the third party grantee to support an eligible project and its eligible costs as outlined in Schedule C of the CWF agreement.

Prepared by:

***K. Douville***

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Kevin Douville  
Manager of Financial Planning

Concurrence:

***D. DeMarzo***

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Doug DeMarzo  
Acting General Manager of  
Community Services

**Stakeholder Distribution (Upon Agenda Publication)**

Hornby Island Arts Council	✓
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**Background/Current Situation**

At the June 10, 2019 regular meeting, the EASC received a delegation from Dr. Andrew Mark of the HIAC who presented information regarding a proposal to build a new Arts Centre on Hornby Island and outlined their request for \$175,000 in CWFs in support of this project. This information submitted included:

- Class C estimate, construction management proposal and cash flow forecast from AFC Construction;
- Hornby Island Arts Council five-year business plan (2019 – 2023);
- Letters of Support; and
- Permitting, approvals and tenure information.

Subsequent to the delegation’s presentation, the following motion was approved:

THAT staff be directed to bring forward a report outlining the availability of Community Works Funds (CWF) for the duration of the current agreement, identify current and potential use of the CWF funds and outlining the agreements and resolutions required to authorize a \$175,000 contribution to the Hornby Island Arts Council for a new community arts centre.

### **Policy Analysis**

The CVRD entered into a CWF agreement with the Union of British Columbia Municipalities (UBCM) to enable the CVRD to build and revitalize public infrastructure that supports productivity, economic growth, a clean environment and strong cities and communities, and to benefit from the CWF in accordance with the terms and conditions of the Administrative Agreement on the Federal Gas Tax Fund in British Columbia dated July 7, 2014 between Canada, British Columbia, and the UBCM (the Administrative Agreement).

The CWF agreement does contemplate that the CVRD may enter into contracts with outside agencies, when and where deemed appropriate, for the implementation of eligible projects that support and/or achieve local strategic priorities as set out or deliberated by the CVRD Board.

(NOTE: A review of the CVRD Strategic Priorities Chart as at June 30, 2019 does not indicate a clear alignment between the proposal from the Hornby Island Arts Council and the approved strategic priorities of the CVRD Board.)

The considerations put forward in this report are pertinent to any third party contribution agreements being contemplated by the CVRD for the provision of CWFs:

- Pursuant to Annex A of the CWF agreement, specified “non-municipal” entities, including for-profit, non-governmental and not-for-profit organizations, may be considered as an Ultimate Recipient to receive funds for Eligible Projects, provided all requirements of the CWF agreement are met and on condition the CVRD has indicated support for the project through a formal resolution of the Board.
- The CVRD would however remain the Ultimate Recipient of CWF funding and therefore must fulfill its commitments to UBCM as set out in the CWF agreement.
- For any contribution agreements between the CVRD and a non-municipal entity, the Board must still support the transfer of funds to such an Ultimate Recipient for an eligible project (Schedule B of the CWF agreement) and its eligible costs (Schedule C of the CWF agreement) through a formal Board resolution.
- UBCM strongly recommends the local government and the third party Ultimate Recipient enter into an agreement that sets out the commitments of both parties for the use of funds, including reporting outcomes, public access to the infrastructure, and access to documentation for audit purposes. Such an agreement should include, but not be limited to the following:
  - A clause indicating the third party recipient operates on a non-commercial basis and therefore is not considered to be an “industrial, commercial or business undertaking” as contemplated by the *Local Government Act*, RSBC 2015 c. 1 making it permissible for the CVRD to provide assistance.
  - Details regarding the following to support the CVRD’s potential liability / risk:
    - Disposal of asset(s)

- Reporting requirements
  - Audit / retention of invoices
  - Access to any funded assets, including identification of whether the project is “primarily for public use” or “public benefit”, meaning the facility or asset is accessible to the public and not limited to a private membership, or confers a tangible benefit on a sufficiently large segment of the public or community.
- Notice to the recipient responsible, where applicable, to comply with all relevant policies and procedures of the CVRD with respect to the use of the contribution for the award of contracts and any other agreements for the purposes of the project. (i.e. CVRD Procurement Policy)

Currently the CVRD Board does not have a formal CWF policy or process in place which governs the consideration and evaluation of requests for financial assistance from third party entities. Such a process would generally include an application form and proposal screening process, and would also include a boiler plate CWF contribution agreement for funding arrangements between the CVRD and the applicant organization.

After undertaking a review of existing policies and/or processes in place within other regional districts throughout the province, the Capital Regional District (CRD) appears to have the most complete set of documentation for both internal and external applications which outline the relevant terms, conditions and considerations required for such applications and external funding agreements. A copy of the CRD’s third party CWF grant application, which includes a template of their “Contribution Agreement Regarding Use of Community Works Funds”, is attached as Appendix A.

The CVRD does currently have an internal application process in place for CWF funding requests related to its own services, however improvements to this process are currently being considered by the financial services branch.

### Options

The following options are presented to the Directors for consideration:

1. The request from the HIAC for \$175,000 in CWFs to support the construction of a new Arts Centre on Hornby Island be declined at this time based on:
  - a. The projected high demand for CWF funds to support CVRD service related projects on Hornby and Denman Islands as outlined in the August 6 staff report;
  - b. The lack of alignment between HIAC’s project proposal and the CVRD’s current strategic priorities as approved by the Board; and
  - c. The perception of an unfair advantage being granted to HIAC when other Comox Valley non-profit organizations have not had a similar opportunity nor been made aware of such funds being available.
2. The request from the HIAC for \$175,000 in CWFs to support the construction of a new Arts Centre on Hornby Island be approved subject to:
  - a. Staff confirming all requirements of the CWF agreement between the CVRD and UBCM being met;
  - b. The CVRD indicating support for the project through a formal Board resolution;
  - c. Staff being directed to prepare a contribution agreement between the CVRD and the HIAC that sets out all pertinent commitments of both parties, including but not limited to those outlined in the August 6, 2019 staff report; and

- d. The CVRD supports by way of a formal Board resolution the transfer of funds to the HIAC to support the project and its eligible costs as outlined in Schedule C of the CWF agreement.

Staff recommends option 1 at this time.

**Financial Factors**

A CWF status report as at June 30, 2019 was received by the Directors at the July 15, 2019 regular EASC meeting which indicated total CWFs available in 2019 of \$4,348,014.89 across all CVRD Electoral Areas after existing commitments and eligible year-to-date expenses. The projected funding allocations to the CVRD from UBCM for 2020 through to the end of the current CWF agreement in 2024 will contribute a further \$4,304,581, resulting in a total of \$8,652,596 CWFs being available over the next 4.5 years.

For the combined allocation for Denman and Hornby Islands specifically, \$329,359.90 in CWFs are presently available in 2019 based on the CVRD receiving the 2<sup>nd</sup> instalment of the year six payment from UBCM later on this year. The projected allocations for Denman–Hornby for 2020 through 2024 will add another estimated \$409,521.96 (based on 2016 census data), resulting in a total of \$738,881.86 CWFs being available after existing commitments for further projects.

In addition to the request of financial assistance from the HIAC, there are a number of proposed projects within internal CVRD services for either Denman or Hornby Island anticipated to come forward for consideration between now and 2024 when the current CWF agreement expires. Table 1 below outlines these projects.

**Table 1: Potential Denman and Hornby Island CWF Funding Requests**

Location	Project Description	Estimated Project Funding Requests for CWF
Denman	Denman Island Cross-Trail, additional 3.3km	\$402,000
Denman	Piercy Road Beach Access	\$45,000
Denman	Denman Island Water Local Service Area / Graham Lake Improvement District	Currently unknown
Hornby	Shingle Spit Boat Launch (external grant application pending)	\$400,000
Hornby	Hornby Island Cemetery	\$100,000
Hornby	Additional Comfort Stations	\$45,000
Hornby	Hornby Island Community School - Community Gymnasium contribution	Currently unknown
<b>Total potential funding requests</b>		<b>\$992,000</b>
<b>Projected available CWF allocations for Denman-Hornby Islands through 2023-2024</b>		<b>(\$738,880)</b>
<b>Potential Oversubscription</b>		<b>(\$253,120)</b>

With respect to other forecasted needs for CWFs within Electoral Area A - Baynes Sound, the continued exploration of a viable south sewer plan along with the potential for investment into the water and related infrastructure currently under the purview of the Union Bay Improvement District will likely require significant placeholders pending further detailed analysis.

If the EASC proceeds to endorse the provision of the funding requested by the Hornby Island Arts Council, it is important to note the CVRD does not currently have a directly associated service through which this could be funded by way of a subsequently prepared financial plan amendment. Therefore, staff recommends that a contribution in this case could be facilitated via the existing Hornby Island Economic Development service, function #556.

### **Intergovernmental Involvement**

The Hornby Island Arts Centre is to be situated on a property uphill from Central Island on Hornby Island, currently occupied by the Hornby Island Residents and Ratepayers Association (HIRRA) by way of a provincial Crown Land lease.

A revised lease between the Province of British Columbia and HIRRA was signed in May 2019 which enables the HIAC to construct and occupy a new Arts Centre on the property by way of a sub-lease / tenancy agreement. The current term of HIRRA's existing Crown Land lease expires on December 31, 2038 or 19.5 years from now. The renewal conditions of these lease are presently unknown.

### **Interdepartmental Involvement**


The Financial Services department continues to work with and support other CVRD branches looking to submit internal requests for CWFs, specifically given the implications to the annual financial planning process and the required administration and management of the CWF program which falls under the auspices of the Manager of Financial Planning and the Senior Accounting Technician – Financial Operations. Proposals from third parties will require significant additional oversight, administration and support which will need to be jointly managed by the Financial Services staff and the applicable CVRD branch “sponsoring” or supporting any such applications.



### **Citizen/Public Relations**

In order to roll out a third party CWF funding program, an appropriate public communications plan would need to be developed with the assistance of the Corporate Services Branch which would include the posting of application information (i.e. criteria, review and approval process, application deadlines, etc.) on the CVRD website and ensuring all appropriate and necessary documentation is thoroughly vetted for accuracy and completeness and then subsequently reviewed on an ongoing basis. For the purpose of the Hornby Island Arts Centre project staff could consider the current information presented to EASC in June as viable application to start the process.

Attachments: Appendix A – “Community Works Fund Grant Application – Third Party”  
(Capital Regional District)



SECTION 1: Ultimate Recipient Information		
ORGANIZATION LEGAL NAME:		ORGANIZATION TYPE: Choices...
ORGANIZATION MAILING ADDRESS:		
SELECT THE ELECTORAL AREA WHERE THE PROJECT LOCATED: Choices...	LIST THE COMMUNITY/IES THE PROJECT WILL BENEFIT:	
ESTIMATED # OF PEOPLE WHO WILL BENEFIT FROM THE PROJECT:		
SECTION 2: Project Summary		
PROJECT TITLE:		ELIGIBLE PROJECT CATEGORY: Choices...
SPECIFY THE PROJECT OUTCOME IN TERMS OF INFRASTRUCTURE AND/OR PLANS THAT THE CWF FUNDING WILL HELP ACHIEVE:		
SELECT THE PROJECT TYPE 1 OR 2 AND ATTACH THE ADDITIONAL PROJECT INFORMATION LISTED IN PDF FORMAT TO YOUR APPLICATION.		
<input type="checkbox"/> TYPE 1: Infrastructure construction/renewal/betterment- Add the following <ul style="list-style-type: none"> <li>▪ Drawings and Specifications</li> <li>▪ Product Specifications</li> <li>▪ Permits (e.g. Construction)</li> </ul>	<input type="checkbox"/> TYPE 2: Capacity Building - Add the following: <ul style="list-style-type: none"> <li>▪ Terms of Reference</li> <li>▪ Workplan</li> <li>▪ Statement of Qualifications (For sole sourcing)</li> </ul>	
WILL THE PROJECT OBTAIN PROPER INSURANCE? <b>Yes</b> IF NO PLEASE DESCRIBE WHY.		
WILL THE PROJECT OBTAIN ALL APPROVALS, CERTIFICATE(S), AND PERMITS REQUIRED BY ANY GOVERNMENT AUTHORITY? <b>Yes</b> IF NO, DESCRIBE WHY:		
IS THIS PROJECT PART OF A MULTI-PHASE PROJECT? <b>Yes</b>	IF YES, WHAT IS THE PHASE #:	HOW WILL THE WORK BE TENDERED? <b>Invitational</b> 
SECTION 3: Infrastructure Project Details		
AT WHAT PHASE IS THIS PROJECT? Choices...	WHAT IS THE PROPERTY OWNERSHIP TYPE? Choices...	
WHAT IS THE SERVICE TYPE? Choices...	DO YOU HAVE AN ASSET MANAGEMENT PLAN FOR THE RESULTING INFRASTRUCTURE?	
HOW WILL THE LIFE-CYCLE COST OF THE RESULTING INFRASTRUCTURE BE FUNDED?		
IF THE PROPERTY OWNERSHIP IS PRIVATE FOR A PRIVATE SERVICE, HOW WILL THE PROJECT'S REQUIREMENT OF BEING PRIMARILY FOR PUBLIC USE AND BENEFIT BE MET?		
SECTION 4: Project Strategic Alignment		
DESCRIBE HOW THE PROPOSED PROJECT ALIGNS WITH THE ELECTORAL AREA STRATEGIC DIRECTION:		
USING THE ELIGIBLE PROJECT EXAMPLES TABLE, IDENTIFY AN EXAMPLE PROJECT THAT RELATES MOST CLOSELY TO THE PROPOSED PROJECT:		
DESCRIBE HOW THE PROPOSED PROJECT IN ITS COMMUNITY CONTEXT RELATES TO THE ELIGIBLE PROJECT EXAMPLE IDENTIFIED ABOVE:		
WHICH OF THE GAS TAX OBJECTIVE(S) DOES YOUR PROJECT SUPPORT? SELECT AS MANY AS APPLY BASED ON A COMMON SENSE ASSESSMENT.		
<input type="checkbox"/> PRODUCTIVITY AND ECONOMIC GROWTH	<input type="checkbox"/> A CLEAN ENVIRONMENT	<input type="checkbox"/> STRONG CITIES AND COMMUNITIES

SECTION 5: Project Budget and Schedule				
PROJECT BUDGET SUMMARY AND SCHEDULE				AMOUNT
Planning Cost (Including consultant, design, and tendering):				
Implementation Cost (including construction , materials purchase, labour):				
Other Costs (E.g.: Contingency, permits, etc...):				
Total Cost :				\$ 0.00
Estimate Class:				Choices...
CWF Grant Request:				
Is the CWF grant requested replacing other available funding sources for the project?				Yes
SCHEDULE: Estimated Start Date:		Estimated End Date:	Project duration (months):	
COST DETAILS				AMOUNT
CWF Request Expenditure Breakdown: (if further space is required, please attach on separate page)				
Eligible Costs:				\$ 0.00
Other Funding Expenditure Breakdown: (if further space is required, please attach on separate page)				
FUNDING SOURCE	EXPENDITURE			AMOUNT
Ineligible Costs:				\$ 0.00
SECTION 6: Project Attestations				
<b>THIRD PARTY PROJECT LEAD:</b>				
<input type="checkbox"/> I hereby certify that this completed application provides a truthful and accurate representation of the proposed project in compliance with the CWF guidelines explained in the CWF Grant Application Toolkit;				
<input type="checkbox"/> I have reviewed and understand the terms in the CWF 3 <sup>rd</sup> Party Contribution Agreement Boiler Plate (Section 8);				
<input type="checkbox"/> I have reviewed and understand the Capital Regional District's (CRD) Procurement Policy (Section 9).				
NAME	TITLE	EMAIL	Tel. No.	MM/DD/YYYY
<b>CAPITAL REGIONAL DISTRICT ELECTORAL AREA ADMINISTRATOR:</b>				
<input type="checkbox"/> I hereby certify that this completed application provides a truthful and accurate representation of the proposed project in compliance with the CWF guidelines explained in the CWF Grant Application Toolkit.				
NAME	TITLE	EMAIL	Tel. No.	MM/DD/YYYY
<b>CAPITAL REGIONAL DISTRICT ELECTORAL AREA DIRECTOR:</b>				
<input type="checkbox"/> I hereby certify that this completed application provides a truthful and accurate representation of the proposed project in compliance with the CWF guidelines explained in the CWF Grant Application Toolkit.				
NAME	ELECTORAL AREA	SIGNATURE	MM/DD/YYYY	
	Choices...			
<b>CAPITAL REGIONAL DISTRICT FINANCIAL SERVICES:</b>				
<input type="checkbox"/> I hereby certify that this completed application provides a truthful and accurate representation of the proposed project in compliance with the CWF guidelines explained in the CWF Grant Application Toolkit.				
NAME	SIGNATURE		MM/DD/YYYY	
Nelson Chan, Chief Financial Officer				
 <b>VERIFY THAT YOUR APPLICATION IS COMPLETE AND SUBMIT IT TO THE ELECTORAL AREA ADMINISTRATOR:</b> 				
Juan de Fuca: <a href="#">Iain Lawrence</a> ■ Salt Spring Island: <a href="#">Karla Campbell</a> ■ Southern Gulf Islands: <a href="#">June Klassen</a>				

## SECTION 7: Project Supporting Documentation

In this section, please insert supporting documentation in PDF format relevant to the type of project proposed.

- TYPE 1: Infrastructure construction, renewal, or material betterment
- Drawings and Specifications
  - Product Specifications
  - Permits (e.g. Construction)

- TYPE 2: Capacity Building
- Terms of Reference
  - Workplan
  - Statement of Qualifications (For sole sourcing)

SECTION 8: CWF Contribution Agreement Boiler Plate

## Contribution Agreement Regarding Use of Community Works Funds

This Agreement dated effective \_\_\_\_\_.  
DD/MM/YYYY

BETWEEN:

CAPITAL REGIONAL DISTRICT

625 Fisgard Street  
Victoria, B.C. V8W 1R7

(herein called the "**CRD**")

OF THE FIRST PART

AND:

(herein called "the **Recipient**")

OF THE SECOND PART

WHEREAS:

- A. The Regional Board of the CRD has entered into a Community Works Fund ("**CWF**") Agreement (the "**CWF Agreement**") with the Union of British Columbia Municipalities ("**UBCM**") to enable the CRD to build and revitalize public infrastructure that supports productivity, economic growth, a clean environment and strong cities and communities, and to benefit from the CWF in accordance with the terms and conditions of the Administrative Agreement on the Federal Gas Tax Fund in British Columbia dated April 1, 2014 between Canada, British Columbia, and the UBCM (the "**Administrative Agreement**");
- B. The CWF Agreement contemplates that Local Governments will enter into Contracts with other Ultimate Recipients for the implementation of Eligible Projects;
- C. The CRD has been advised by UBCM that an entity such as the Recipient may be considered an Ultimate Recipient pursuant to the CWF Agreement, and the CRD may enter into Agreements with Ultimate Recipients to receive funds for Eligible Projects, provided that all requirements of the CWF Agreement are met;
- D. The Recipient operates on a non-commercial basis and therefore is not considered to be an "industrial, commercial or business undertaking" as contemplated by the *Local Government Act*, R.S.B.C. 2015, c. 1 making it permissible for the CRD to provide assistance;

- E. If CWF funding is used for an Eligible Project, the CRD remains the Ultimate Recipient of the CWF funding and must fulfill its commitments to the UBCM under the CWF Agreement in relation to the Eligible Project;
- F. The funding provided by this agreement is for the purpose described in Schedule D, and herein referred to as “the Project”
- G. The Recipient and the CRD agree that the Project is needed for the reason(s) described in Schedule D;
- H. The CRD has indicated support for the Project as an Eligible Project through a formal resolution of its Board of Directors, and wishes to enter into an agreement (the “**Contribution Agreement**”) between the CRD and the Recipient stipulating the contribution amount and defining the work and content of the Project;
- I. The CRD and the Recipient must comply at all times with the terms and conditions of the CWF Agreement in respect of the use of the CWF for the Eligible Project.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that the parties hereto in consideration of the monies to be paid by the CRD to the Recipient as hereinafter set forth and of the premises and the mutual covenants hereinafter contained the parties hereto agree as follows:

1. The following Schedules, originating in whole or part from the Administrative Agreement, and appended to the CWF Agreement, are attached to and form part of this Contribution Agreement:

- Schedule A – Definitions
- Schedule B – Eligible Project Categories
- Schedule C – Eligible and Ineligible Expenditures

Capitalized terms not otherwise defined in this Contribution Agreement have the meanings as defined in the above Schedule A.

2. Schedule D describes the purpose of this agreement and is part of this Contribution Agreement.
3.
  - (a) Subject to the terms and conditions of this Contribution Agreement, the CRD shall provide funding as specified in Schedule D from the funds received through the CWF Agreement (the “**Contribution**”) to the Recipient for the purpose of the Project described in Schedule D.
  - (b) The CRD shall pay the Contribution, to the Recipient within 30 days of the date of this Agreement;
  - (c) The Recipient shall ensure that the entirety of the Contribution amount provided pursuant to section 3(b) is paid or disbursed in respect of the Eligible Expenditures by the project end date specified in Schedule D;
  - (d) In the event that the Recipient does not spend the Contribution or any portion thereof on an Eligible Expenditure for the Project, as required under section 3(c), the Recipient shall immediately return the Unspent Funds to the CRD. The Recipient shall provide receipts for all funds allocated to the Eligible Expenditures for the project at the project end date specified in Schedule D;

- (e) The CRD shall be not obliged to make any payment under this Contribution Agreement more than one year after Project Completion, after which date the payment obligations of the CRD in respect of the Contribution shall be terminated.
4. The term of this Contribution Agreement shall be from the date of execution until the day that is 5 years after Project Completion (the "Term").
  5. Subject to this Contribution Agreement, the Recipient may spend the Contribution for the purposes of the Project only on those expenditures that constitute Eligible Expenditures, as described at Schedule C.
  6. The Recipient shall:
    - (a) ensure that the Project is conducted in a safe and efficient manner to a standard that is equal to or higher than if the Project were to be conducted by CRD directly;
    - (b) implement the project with sufficient capacity to meet the anticipated needs of the target communities individually and collectively;
    - (c) obtain and maintain in force all approvals, certificates and permits required by any government authority in connection with the construction and/or implementation of the Project;
    - (d) where applicable, comply with all relevant policies and procedures of the CRD with respect to use of the Contribution for the award of Contracts and any other agreements for the purposes of the Project;
    - (e) ensure that all components of the Project are operated in accordance with any and all instructions provided by the Project designer, installer, manufacturer or other qualified professional, and maintained in good working condition;
    - (f) assume all responsibility related to the proper operation and routine maintenance of all aspects of the Project upon completion of the Project.
  7. The Recipient will, without limiting its obligations or liabilities herein, provide and maintain insurances with insurers licensed in Canada with coverage of a type, and in amounts, that any similar business, acting reasonably, would procure for a project of the scope, size and exposure of this Project, during the term of this Agreement and for any subsequent ongoing operations and maintenance of the resulting infrastructure.
  8. The Recipient shall require and ensure that each Third Party maintains insurances comparable to those required in Section 7.
  9. The Recipient shall indemnify, release and save harmless the CRD, its elected and appointed officers, employees and agents and the Government of Canada, British Columbia and UBCM and any of their officers, servants, employees or agents, from and against any and all claims, suits, demands, actions, causes of action, damages, costs, fees, fines, and penalties whatsoever, including legal fees and liability, that the Recipient has or may have or that a Third Party or any person has or may have, caused by or arising from the Contribution or the implementation of the Project by the Recipient, including liability arising out of any claim, allegation or determination that the CRD has breached the CWF Agreement by transferring the Contribution to the Recipient pursuant to this Contribution Agreement, including without limitation any obligation to repay funds to

UBCM or Canada pursuant to the CWF Agreement or the Administrative Agreement, except to the extent to which such claims or losses relate to the negligence or willful misconduct of an officer, servant, employee, or agent of the CRD, Canada, British Columbia or the UBCM in the performance of his or her duties.

10. Nothing in this Contribution Agreement shall be interpreted as creating an agency, joint venture, principal-agent, or partnership relationship between any of the CRD, UBCM or Canada and the Recipient, nor an employment relationship between any of CRD, UBCM or Canada and the Recipient and its employees or volunteers.
11. The Recipient warrants and represents to the CRD that it has sufficient legal authority to carry out the Project as contemplated by this Contribution Agreement, with the intention that the CRD will rely upon such warranty and representation.
12. The Recipient acknowledges and agrees that it has been provided with copies of the Administrative Agreement and the CWF Agreement and that the Recipient has reviewed those agreements and is aware of the terms and conditions contained therein.
13. The CRD represents and warrants that UBCM considers the Recipient to be an Ultimate Recipient pursuant to the CWF Agreement, and the parties acknowledge and agree that this Contribution Agreement constitutes a Contract between the Recipient and the CRD pursuant to the CWF Agreement.
14. The Recipient acknowledges that the CRD retains responsibility for the use of the Contribution under the CWF Agreement and reporting on the use of funds received under the CWF Agreement. The Recipient, as the owner of the funded assets acquired with the Contribution, shall during the Term of this Contribution Agreement and at its cost:
  - (a) maintain all administrative, corporate and accounting records related to the receipt and expenditure of all the Contribution (the "**Records**") in accordance with generally accepted accounting principles, and retain these records for at least six (6) years following completion of the Project;
  - (b) provide access to all Records to CRD, UBCM or Canada auditors upon request by the CRD;
  - (c) spend the Contribution only on Eligible Expenditures of Eligible Projects as defined in the CWF Agreement;
  - (d) ensure that any Contract or agreement with a Third Party in relation to the Project shall:
    - (i) ensure that the Recipient remains in compliance with all requirements of this Contribution Agreement;
    - (ii) contain terms that oblige such Third Party to comply with the terms and conditions of this Contribution Agreement; and
    - (iii) not cause the CRD to be out of compliance with the CWF Agreement;
  - (e) where the CRD has contributed funds for the Project in the previous calendar year, report to the CRD and provide to the CRD on or before March 31 of each year all other information necessary or useful to permit the CRD to fulfill its reporting



requirements to UBCM required under section 6 of the CWF Agreement and section 9 of Schedule A of the Administrative Agreement; and

- (f) provide further information, documentation and reports upon request by CRD, acting reasonably.
15. The Recipient acknowledges that the CRD will rely upon information provided to CRD under section 14 of this Contribution Agreement to fulfill its commitments to UBCM pursuant to the CWF Agreement, including to complete reporting in relation to the Project and Eligible Expenditures.
16. The Recipient will not alter the agreed use of the Contribution for the Project without the written agreement of the CRD, which may be withheld in the sole and complete discretion of the CRD.
17. The Recipient shall retain ownership of and title to the Project, including all materials, components, devices and equipment acquired with the use of the Contribution, as long as Recipient retains ownership of the improvements benefitting from the Project.
18. If the Recipient disposes of the Project or any interest in the Project through the sale, lease, encumbrance or other disposal of an asset resulting from the Project (the "**Disposition**") within five (5) years of the date of completion and the Disposition is made to, or granted in favour of, a person or entity other than the CRD or a person or entity approved in writing by the CRD, acting reasonably, the Recipient shall pay any revenue generated or arising from such Disposition to the CRD to be invested by the CRD into other Eligible Projects in accordance with section 6.1(H) of the CWF Agreement.
19. Default
- If either Party is in default of any of its obligations under this Contribution Agreement and, upon receiving written notice of the default from the other Party, fails to correct the default or to take steps to correct the default within ten (10) business days of having received the notice, or such other time as the Parties may agree in writing, the other Party may provide ninety (90) days written notice to the defaulting Party to terminate the Contribution Agreement.
20. If this Contribution Agreement is terminated within the first five (5) years of the Term due to an uncorrected default of the Recipient, then the Recipient will reimburse the CRD for the full amount of the Contribution, to be invested by the CRD into other Eligible Projects in the complete discretion of the CRD.
21. Notices
- (a) Each notice sent pursuant to this Contribution Agreement ("**Notice**") shall be in writing and shall be sent to the relevant Party at the relevant address, facsimile number or e-mail address set out below. Each such Notice may be sent by registered mail, by commercial courier, by facsimile transmission, or by electronic mail;
- (b) The Contact Information for the parties is in Schedule D.
- (c) Each Notice sent by electronic mail ("**E-Mail Notice**") must show the e-mail address of the sender, the name or e-mail address of the recipient, and the date and time of transmission, must be fully accessible by the recipient, and unless

receipt is acknowledged, must be followed within twenty-four (24) hours by a true copy of such Notice, including all addressing and transmission details, delivered (including by commercial courier) or sent by facsimile transmission;

- (d) Subject to sections 21(a) through 21(c), each Notice shall be deemed to have been given or made at the following times:
    - (i) if delivered to the address (including by commercial courier), on the day the Notice is delivered;
    - (ii) if sent by registered mail, seven (7) days following the date of such mailing by sender;
    - (iii) if sent by facsimile transmission, on the date the Notice is sent by facsimile transmission; or
    - (i) if sent by electronic mail, on the date the E-Mail Notice is sent electronically by e-mail by the sender;
  - (e) If a Notice is delivered, sent by facsimile transmission or sent by electronic mail after 4:00 p.m., or if the date of deemed receipt of a Notice falls upon a day that is not a Business Day, then the Notice shall be deemed to have been given or made on the next Business Day following;
  - (f) Notice given by facsimile transmission in accordance with the terms of this section 21 will only be deemed to be received by the recipient if the sender's facsimile machine generates written confirmation indicating that the facsimile transmission was sent;
  - (g) If normal mail service, facsimile or electronic mail is interrupted by strike, slow down, force majeure or other cause beyond the control of the parties, then a Notice sent by the impaired means of communication will not be deemed to be received until actually received, and the party sending the Notice shall utilize any other such services which have not been so interrupted or shall personally deliver such Notice in order to ensure prompt receipt thereof;
  - (h) Each Party shall provide Notice to the other Party of any change of address, facsimile number, or e-mail address of such Party within a reasonable time of such change.
22. The Recipient shall take all reasonable steps to ensure that no act or omission of the Recipient causes the CRD not to be in compliance with all terms and conditions of the CWF Agreement, and, without limiting the foregoing, the Recipient shall:
- (a) take no action that would place the CRD in breach of any provision of the CWF Agreement;
  - (b) comply, where applicable, with all requirements of the Local Government contained at section 6.1 of the CWF Agreement; and
  - (c) upon receiving written notice from the CRD of an amendment to the CWF Agreement made under section 10 of the CWF Agreement, take all required actions and execute all documents as may be applicable and reasonably required to comply with the Recipient's obligations under this section.

23. This Agreement has been executed on behalf of the Recipient and the CRD by those officers indicated below and each person signing the agreement represents and warrants that they are duly authorized and have the legal capacity to execute the Agreement.

24. Compliance with Laws

The Recipient shall comply with all statutes, regulations and bylaws applicable to the Project, any requirements of the Recipient's insurers and underwriters and all other applicable orders, codes and requirements related to or arising from the Project.

25. Taxes and Charges

The Recipient shall pay all taxes, charges, levies, duties, licenses, permits and assessments of every nature due and payable with respect to or arising as a result of this Agreement and the Project.

26. Oral Agreements

No oral instruction, objection, claim, or notice by any party to the other shall affect or modify any of the terms or obligations contained in this Agreement, and none of the provisions of this Agreement shall be held to be waived or modified by reason of any act whatsoever, other than by a waiver or modification in writing and agreed to by the parties to the Agreement.

27. Non-Waiver

Any failure by the CRD at any time, or from time to time, to enforce or require the strict keeping and performance of any of the terms or conditions of the Agreement will not constitute a waiver of such terms or conditions and will not affect or impair such terms or conditions in any way or the right of the CRD at any time to avail itself of such remedies as it may have for any breach of such terms or conditions. No provision in this Agreement, which imposes or may be deemed to impose extra or specific responsibilities or liabilities on the Recipient shall restrict the general or other responsibilities or liabilities of the Recipient in any way.

28. No Derogation from Statutory Powers

Nothing contained or implied herein shall prejudice or affect the rights and powers of the CRD in the exercise of its functions under any public or private statute, bylaw, order or regulation, all of which may be fully and effectively exercised in relation to this Agreement as if this Agreement had not been executed and this Agreement shall be subject to and consistent with the statutory restrictions imposed on the CRD under the *Local Government Act*, R.S.B.C. 2015, c. 1 and the *Community Charter*, S.B.C. 2003, c. 26.

29. Liability

The Recipient shall not, at any time, hold the CRD responsible for any claims or losses of any kind that the Recipient or its successors may suffer in relation to any matter related to the CRD's supply of oral or written information to the Recipient or the carrying out of the CRD's responsibilities under this Agreement and the Recipient waives for itself and its successors the right to sue the CRD in tort for any loss, including economic loss, damage, cost or expense arising from or connected with any error, omission or misrepresentation occurring in the supply of oral or written information to the Recipient or the carrying out of

the CRD's responsibilities under this Contribution Agreement, except to the extent to which such claims or losses relate to the negligence or willful misconduct of an officer, employee, or agent of the CRD in the performance of his or her duties.

30. Further Assurances

The parties hereto shall execute such further and other documents and do such further and other things as might be necessary to carry out and give effect to this Agreement.

31. Survival

Except as otherwise provided under this Contribution Agreement, all of the Recipient's obligations under this Agreement that are for the benefit of the CRD, Canada or UBCM shall survive early termination of this Agreement.

32. Severance

If any portion of this Agreement is held invalid by a court of competent jurisdiction, the invalid portion shall be severed and the decision that it is invalid shall not affect the validity of the remainder of this Agreement.

33. Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter of the Agreement and contains all of the representations, warranties, covenants and agreements of the respective parties and may not be amended or modified except by an instrument in writing executed by all parties. This Agreement supersedes all prior agreements, memoranda and negotiations between the parties.

34. Binding Effect

The Agreement shall enure to the benefit of and be binding upon the parties and their successors, executors, administrators, and permitted assigns.

35. Extended Meanings

Words importing the singular number include the plural and vice versa, and words importing the masculine gender shall include the feminine and neuter genders.

36. Headings

Headings have been inserted for ease of reference and shall not be used in interpreting this Agreement.

37. No Assignment

- (a) Neither party may assign any right or entitlement granted under this Contribution Agreement to any person.
- (b) For greater clarity, any access rights granted to the general public in respect of the Sport Court as contemplated by this Contribution Agreement will not be considered or deemed an assignment hereunder.

38. Time

Time is of the essence in this Agreement.

39. Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a party may send a copy of its original signature on the execution page hereof to the other party by fax transmission and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving party.

**IN WITNESS WHEREOF** this Agreement has been executed by the parties hereto:

\_\_\_\_\_, by its  
RECIPIENT'S LEGAL NAME

Authorized signatory:

\_\_\_\_\_  
NAME

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE (DD/MM/YYYY)

**CAPITAL REGIONAL DISTRICT**, by its

Authorized signatory:

Nelson Chan, MBA, CPA, CMA  
\_\_\_\_\_  
NAME

Chief Financial Officer  
\_\_\_\_\_  
TITLE

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE (DD/MM/YYYY)

**FOR ADMINISTRATIVE PURPOSES ONLY: AGREEMENT AUTHORIZATION**

CONTENT		INITIAL	DATE (DD/MM/YYYY)
	Procurement		
	Financial Plan		
	Content		
GM Approval			
Form			
Authority			

## SCHEDULE A – DEFINITIONS

**"Administrative Agreement"** means the Administrative Agreement on the Federal Gas Tax Fund in British Columbia.

**"Annual Report"** means the duly completed annual report to be prepared and delivered by UBCM to Canada and British Columbia, as described in Schedule D (Reporting and Audits).

**"Asset Management" (AM)** includes planning processes, approaches or plans that support integrated, lifecycle approaches to effective stewardship of infrastructure assets in order to maximize benefits and manage risk. AM is further described in Schedule F (Asset Management) of the 2014-2024 of the Community Works Fund Agreement, and can include:

- an inventory of assets;
- the condition of assets;
- level of service;
- risk assessment;
- a cost analysis;
- community priority setting;
- long-term financial planning.

**"Base Amount"** means an amount established over a time-period, reflecting non-federal investments in Infrastructure and against which GTF investments will be measured to ensure that GTF investments are incremental.

**"Chief Financial Officer"** means in the case of a municipality, the officer assigned financial administration responsibility under s. 149 of the *Community Charter*, and in the case of a Regional District, the officer assigned financial administration responsibility under s. 237 of the *Local Government Act*, R.S.B.C. 2015, c. 1.

**"Communications Protocol"** means the protocol by which all communications activities related to GTF funding will be delivered as described in Schedule E (Communications Protocol) of the 2014-2024 Community Works Fund Agreement.

**"Community Works Fund"** means the fund provided from the Federal gas tax revenues to be dispersed to local governments based on a percentage of the per capita allocation for local spending priorities in accordance with the terms and conditions set out in the Agreement.

**"Community Works Fund Agreement"** means this Agreement made between UBCM and Local Government.

**"Contract"** means an agreement between an Ultimate Recipient and a Third Party whereby the latter agrees to supply a product or service to 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 19, 2005 by the Government of Canada, British Columbia and UBCM, with an expiry date of March 31, 2019, as amended.

**"First Community Works Fund Agreement"** means the agreement entered between UBCM and Local Government in order to administer the Community Works Fund under the First Agreement.

**"Funding Agreement"** means an agreement between UBCM and an Ultimate Recipient setting out the terms and conditions of the GTF funding to be provided to the Ultimate Recipient as entered under the First Agreement or the Agreement.

**"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 recipients 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 in British Columbia primarily for public use or benefit.

**"Local Government"** means a municipality as defined in the *Community Charter* [S.B.C. 2003] Chapter 26, a regional district as defined in the *Local Government Act*, R.S.B.C. 2015, c. 1, and the City of Vancouver as continued under the *Vancouver Charter* [S.B.C. 1953] Chapter 55.

**"Outcomes Report"** means the report to be delivered by March 31, 2018 and again by March 31, 2023 by UBCM to Canada and British Columbia which reports on how GTF investments are supporting progress towards achieving the program benefits, more specifically described in Schedule D (Reporting and Audits) in the 2014-2024 Community Works Fund Agreement.

**"Partnership Committee"** means the Committee required to be established by the Agreement to govern the implementation of the Agreement and further described in Annex C of the Agreement.

**"Party"** means Canada, British Columbia or UBCM when referred to individually and collectively referred to as "Parties".

**"Project Completion"** means the date on which the parties confirm in writing that the work described in section 3(a) has been completed to the reasonable satisfaction of both parties.

**"Third Party"** means any person or legal entity, other than Canada, British Columbia, UBCM or an Ultimate Recipient, who participates in the implementation of an Eligible Project by means of a Contract.



**"Ultimate Recipient"** means a Local Government.

**"Unspent Funds"** means Funds (as defined by the First Agreement) that have not been spent towards an Eligible Project (as defined under the First Agreement) prior to the effective date of the Agreement.

## SCHEDULE B – ELIGIBLE PROJECT CATEGORIES

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

- A. Local roads, 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).
- B. Highways – highway infrastructure.
- C. Short-sea shipping – infrastructure related to the movement of cargo and passengers around the coast and on inland waterways, without directly crossing an ocean.
- D. Short-line rail – railway related infrastructure for carriage of passengers or freight.
- E. Regional and local airports – airport-related infrastructure (excludes the National Airport System).
- F. Broadband connectivity – infrastructure that provides internet access to residents, businesses, and/or institutions in Canadian communities.
- G. Public transit – infrastructure that supports a shared passenger transport system which is available for public use.
- H. Drinking water – infrastructure that supports drinking water conservation, collection, treatment and distribution systems.
- I. Wastewater – infrastructure that supports wastewater and storm water collection, treatment and management systems.
- J. Solid waste – infrastructure that supports solid waste management systems including the collection, diversion and disposal of recyclables, compostable materials and garbage.
- K. Community energy systems – infrastructure that generates or increases the efficient usage of energy.
- L. Brownfield Redevelopment – remediation or decontamination and redevelopment of a brownfield site within Local Governments boundaries, where the redevelopment includes:
  - the construction of public infrastructure as identified in the context of any other eligible project category under the GTF, and/or;
  - the construction of Local Government public parks and publicly-owned social housing.
- M. 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. Western Hockey League).

- N. Recreational infrastructure – recreational facilities or networks.
- O. Cultural infrastructure – infrastructure that supports arts, humanities, and heritage.
- P. Tourism infrastructure – infrastructure that attract travelers for recreation, leisure, business or other purposes.
- Q. Disaster mitigation – infrastructure that reduces or eliminates long-term impacts and risks associated with natural disasters.

Eligible Projects also include:

- R. Capacity building – includes investments related to strengthening the ability of Local Governments 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 Ultimate Recipients 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 (GAAP), 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 Local Governments to improve local and regional planning including capital investment plans, integrated community sustainability plans, life-cycle cost assessments, and Asset Management Plans. The 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;
- 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 Ultimate Recipient's employees or leasing of equipment may be included as Eligible Expenditures under the following conditions:

- the Ultimate Recipient is able to demonstrate that it is not economically feasible to tender a contract;
- the employee or equipment is engaged directly in respect of the work that would have been the subject of the contract; and
- the arrangement is approved in advance and in writing by UBCM.

1.3 Administration expenses of UBCM related to program delivery and implementation of this Agreement, in accordance with Section 9 (Use and Recording of Funds by UBCM) of Annex B (Terms and Conditions).

### 2. INELIGIBLE EXPENDITURES

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:
  - highways;
  - regional and local airports;
  - short-line rail;
  - short-sea shipping;

- disaster mitigation;
  - broadband connectivity;
  - brownfield redevelopment;
  - cultural infrastructure;
  - tourism infrastructure;
  - sport infrastructure; and
  - recreational infrastructure;
- C. the cost of leasing of equipment by the Ultimate Recipient, any overhead costs, including salaries and other employment benefits of any employees of the Ultimate Recipient, its direct or indirect operating or administrative costs of Ultimate Recipients, and more specifically its 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 Ultimate Recipient 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.

