

Questions and Answers

How can my community use our capital funding?

In 2005-2006, community governments received their first year of Gas Tax Transfer Agreement Funding. Beginning in 2007-2008, community governments received their first year of Community Public Infrastructure (CPI) formula funding from the GNWT.

MACA has developed this document to answer the most commonly asked questions about what communities can do with the capital funding from both Canada and the GNWT.

GNWT CPI Formula Funding

The Community Public Infrastructure Funding Policy guides the allocation of CPI Formula Funding provided to community governments by the GNWT (*Please see the Resources section of MACA's website for a full copy of the policy*). According to the Policy, expenditures must meet the following definition to be considered eligible expenses under the Policy:

Community Public Infrastructure (CPI) – are non-financial assets having physical substance that:

- i) are held for use in the production or supply of goods and services;
- ii) have useful economic lives extending beyond an accounting period;
- iii) have been acquired to be used on a continuing basis; and
- iv) are necessary to support community government programs and services.

The following expenditures are considered eligible under the *Policy*:

- project management costs that are incremental and directly associated with specific CPI;
- crushing and stockpiling of granular material for road maintenance activities provided the costs are accounted for and reimbursed from the operations fund when utilized for a maintenance purpose in the year that the granular materials are consumed;
- capital leases;
- community land use planning;
- feasibility, engineering or planning studies for CPI;
- the portion of water and sewer service contract costs that is directly attributable to the purchase costs of the water and sewer vehicles to a maximum of the

number of vehicles accounted for in the funding model of the water and sewer services policy; and

- land development projects including subdivision planning and legal survey.

Can our community use the CPI formula funding for...

...a warehouse for storage of privately-owned items such as canoes for community residents?

Yes, a warehouse where all residents would have access to the facility would be eligible for funding under the CPI formula funding. However, there are a number of issues with this type of facility that must be carefully considered by a community government prior to making a decision to include such a facility in their capital plan.

Firstly, the community government needs to clearly understand what their liability would be both for providing insurance on the property, as well as their liability should any of the personal property become damaged. The owner of the building (i.e. community government) would be deemed to have “care and custody” of the personal assets in the building and they would therefore need to consider what duty of care must be provided to ensure that the storage is safe and secure for individuals to use. We recommend consulting your insurer to discuss the implications of providing such infrastructure before including it in your capital plan.

...an arbour (an outdoor gathering place)?

Yes, because it is a recreational facility and recreation is a community government area of responsibility.

...houses for community residents?

It depends. A community government can use GNWT CPI funding to build a house for community government staff as long as the community government retains ownership of the asset. A community government cannot build a house that will be owned privately by a community resident because the CPI formula funding is for community public infrastructure and not for privately held assets.

The same is true for Gas Tax funding applications. A community cannot use Gas Tax funding to install energy efficient furnaces in private homes. However, a community could use Gas Tax funding to install an energy efficient furnace in a community building.

...to buy a van for the band members to attend land claim meetings?

Yes, as long as the van is available to all community residents not only band members.

...to buy any number of vehicles they want, with any specifications they want?

Yes. Community governments have full responsibility for capital, which includes mobile equipment. However, communities should be aware that the purchase of a number of high-priced vehicles may result in not enough funding needed for other projects that are a priority for the community. In addition, communities should consider the ongoing Operations and Maintenance costs – who will pay for things such as insurance, gas and maintenance?

...to retrofit a community building which is located on private land?

It depends. According to the CPI policy, it is a community government's responsibility to make sure that land tenure, in the community government's name, is in place for all CPI. In the case of CPI that has already been constructed, the community government should enter into negotiations with the landowner to secure title in the community government's name or enter into a lease agreement with the building owner/land owner to ensure community residents have access to the building and, therefore, protect the community government's investment in the building.

...a store?

No, not if the store is privately owned.

Gas Tax Funding

The Gas Tax Funding Agreement was signed by Canada and MACA in November 2005. This funding flows directly to communities once communities provide confirmation by motion that they are willing to commit to the requirements of the Gas Tax Agreement and sign a contribution agreement with MACA. Communities must complete a Capital Investment Plan by March 31, 2007, and an Integrated Community Sustainability Plan by March 31, 2010.

Funding received under the Gas Tax Agreement must be used for environmentally sustainable municipal infrastructure, including:

- water and wastewater treatment and distribution;
- solid waste sites;
- active transportation infrastructure, including trails and sidewalks;
- dust control;
- community energy systems; and
- capacity building.

Can our community use the gas tax funding for...

...to complete a drainage plan?

No, a drainage plan is not an eligible expense under the Gas Tax Funding Agreement but it is an eligible expense under the CPI formula funding policy. Drainage works, however, is an eligible expense under the Gas Tax Funding Agreement.

...to build a road to a granular source?

No. A road to a granular source is not considered an eligible expense under the Gas Tax Agreement because the development of a granular source is not an eligible expense under the Agreement. However, a road to a new solid waste site (or any other eligible project) would be considered an eligible expense for Gas Tax Funding.

... a dozer to compact the solid waste at the community's dump?

Yes, if the dozer's use is dedicated to the solid waste site. If the dozer is also used for other purposes, only a portion of the costs can be funded through Gas Tax funding.

...an energy efficient (hybrid) car?

No. Unfortunately, an energy efficient (hybrid) car is not an eligible expense under the Gas Tax Transfer Agreement.

A Special Note for First Nation Councils

In some Northwest Territories communities, the First Nation council is recognized by the Minister of MACA as the designated authority responsible for the provision of municipal services. The transfer of authority for community infrastructure is hindered in these communities because the federal *Indian Act* does not allow First Nation councils to hold real property (i.e. buildings and land). MACA is currently exploring options to find a mechanism that would allow for ownership of community public infrastructure by these First Nation councils. One option MACA is researching is the possibility of establishing a "trust", which would own the infrastructure until such time as self-government negotiations are complete, and then the asset could be transferred to the new governing body.

In the meantime, MACA has worked with all Designated Authority First Nation councils to create a community capital investment plan and is in the process of transferring the 2007-2008 CPI funding to these First Nation councils. This will allow the councils to bank the capital funding and take advantage of investment potential and interest revenues. And since First Nation councils have the ability to own mobile equipment (i.e. graders, water trucks and pick-up trucks), this will also allow the councils to use their funding to purchase the mobile equipment that the community council has identified in their capital investment plans.