

CAPITAL ASSISTANCE

(REAL AND PERSONAL PROPERTY)

August 2006

PURPOSE OF THE PROGRAM

The Capital Assistance program promotes cultural life in all its forms while contributing to the economic and social development of Québec society. Its purpose is to

- Protect and showcase Québec's heritage
- Improve the living environment
- Develop superior quality infrastructures in order to improve access to goods, activities, and services related to culture and communications

The program's objectives include

- Supporting efforts to restore and conserve heritage property protected by the *Cultural Property Act* or property of significant heritage interest as identified in a Ministère de la Culture et des Communications (MCC) inventory
- Maintaining and developing a sufficient network of infrastructures across Québec to provide
 - ✓ Artists, craftspeople, and community media and Aboriginal radio personnel work or training spaces that comply with occupational standards
 - ✓ Public access to sites and facilities where goods, activities, and services related to culture and communications are made available

ELIGIBILITY

APPLICANT

The program is designed for individuals, public authorities, and organizations

- Who own¹ one of the properties or facilities listed in this application, provided the property or facility satisfies the eligibility conditions set out by MCC (see below)
- Who have fulfilled their commitments to the MCC with regard to prior grants, if any
- Who are in good standing with the requirements of the *Cultural Property Act*
- Who, in the event a third-party user is called upon to manage a facility, have signed a written agreement with said user that has been duly approved by MCC

¹ The notion of ownership also applies to organizations that intend to acquire property and be the owners of it. According to the Civil Code, emphyteutic lessees, superficiaries, and subsoil owners are also owners. For capital assistance projects proposed by organizations and municipalities, a long term rental agreement between the applicant and owner in question will be considered equivalent to property ownership as long as the duration of the rental agreement is at least equal to that of the expected period in which the grant issued by MCC would be used.

PROPERTY OR FACILITY

The following are eligible for the program:

- Real and personal properties with either...
 - ✓ Status under the *Cultural Property Act* or
 - ✓ Heritage value as identified in MCC inventories
- Works of art integrated into the architecture and environment of government and public buildings and sites
- Public libraries (independent or affiliated) and regional public library service centers (CRSBPs)
- Centre national d'auteurs
- Archives centers that are certified or eligible for certification by Bibliothèque et Archives nationales du Québec (BAnQ)
- Museum institutions (museums, exhibition centers, and interpretation sites) recognized under the procedure set out in the Museum Policy
- Training, production, or performance centers dedicated to the visual or performing arts and that receive operational assistance from MCC or Conseil des arts et des lettres du Québec (CALQ), or are eligible for such assistance
- Training, production, or performance centers dedicated to applied arts and production centers for adapted books, provided they receive recurring funding from MCC or Société de développement des entreprises culturelles (SODEC) or are eligible for such assistance
- Community media or Aboriginal radio stations that receive operational assistance from MCC

PROJECTS

To be eligible, projects must concern an eligible property or facility and fall under one of the following categories:

- Purchase and installation of equipment or specialized furnishings
- Purchase of land on which an eligible facility is to be built. (Individuals cannot receive assistance for this type of action.)
- Purchase of a building in which an eligible facility is to be located. (Individuals cannot receive assistance for this type of action.)
- Construction work (new construction, expansion, renovation, restoration, recycling, upgrading to standards, development, asset maintenance, consolidation of vestiges, etc.)
- Restoration of cultural goods protected or recognized for their heritage value

APPLICATION SUBMISSION

Applications for financial assistance are normally submitted online using a form available at di@pason and automatically forwarded to the MCC division responsible for processing it. Upon request, they may also be submitted in writing and sent to the appropriate MCC division.

Financial assistance applications may be submitted at any time of the year.

Applicants must include on the application form or in enclosed documents all information needed to assess their projects.

PROJECT CONCERNING PERSONAL PROPERTY OR ACQUISITION OF EQUIPMENT

In the case of a project whose sole purpose concerns personal property or the acquisition of equipment or specialized furnishings, the application must contain the following:

- An explanation of why it is necessary
- An accurate description of the type of action, or of the type of equipment or specialized furnishings required, as the case may be
- The budget required to complete the project
- The financing plan

OTHER PROJECTS

In all other cases, the application must follow a structured project planning process and, as such, serves as a preliminary draft of the project. It must contain the following:

- Application background and a description of the underlying problems
- The purpose of the application and project objectives
- A business plan indicating the attendance and programming of the property in question (at the time of the application as well as after the project is completed)
- A summary of the real and personal property needs (guides² may assist in planning)
- Any studies already conducted, as the case may be
- List of expected real property solutions (it is not necessary to submit sketches at this stage)
- Details about the desired location and criteria used to select it (if applicable)
- Budget earmarked for project completion
- Financing package for the capital asset component
- Budget earmarked for operations once the project is complete

² Government of Québec, *Guide d'élaboration d'un projet de construction*, Ministère de la Culture et des Communications, Québec City, 2005.

Government of Québec, *La politique d'intégration des arts à l'architecture et à l'environnement des bâtiments et des sites gouvernementaux et publics*, Ministère de la Culture et des Communications, Integration of Arts into Architecture, Québec City, 2002.

Applicants must provide any additional information and documents required by MCC during the project's various development phases.

APPLICATION ASSESSMENT

PROJECTS CONCERNING PERSONAL PROPERTY OR ACQUISITION OF EQUIPMENT

In the case of a project whose sole purpose concerns personal property or the acquisition of equipment or specialized furnishings, the application must contain the following:

- **Project relevance**, based notably on
 - ✓ Actual existence of the needs it is designed to fulfill
 - ✓ Project urgency for the maintenance of operations, protection of the integrity of the real or personal property in question, or public safety
 - ✓ Project's compliance with MCC priorities as set out in its policies, frames of reference, strategic plan, and regional action plans

- **Project quality**, based notably on
 - ✓ The applicant's ability to assume all operational and maintenance expenses for the properties in question, alone or with partners, if the project goes through
 - ✓ The financial participation of public and private partners or the owner

- **Anticipated project benefits**, particularly its environmental, social, and economic impact

If MCC finds the application is worth pursuing, but the project has yet to be fully fleshed out, it may **recommend that an agreement in principle be drawn up**. Such agreements remain valid for 24 months and do not obligate either party to complete the project.

Once MCC deems that project details are sufficiently complete and the project is ready to proceed, it may **recommend announcement** of MCC financial participation.

OTHER PROJECTS

In all other cases, MCC continues to assess the application throughout the various project phases. The reports or recommendations made at these stages must be approved in order for the project to advance to the next stage.

At the **preliminary draft** stage, applications are analyzed according to

- **Project relevance**, based notably on
 - ✓ Compliance with
 - MCC priorities as set out in its policies, frames of reference, and strategic plan
 - The priorities set out in the strategic plans implemented by regional bodies
 - The priorities identified in cultural development agreements with local and regional bodies
 - ✓ The actual call for
 - The equipment or specialized furnishing being acquired
 - Access to the particular culture or communication services
 - ✓ Overlap or competition with existing infrastructures or projects currently under way both in the project's field of activity and in the region
 - ✓ The urgency with regard to the maintenance of operations, protection of the integrity of the real or personal property in question, or public safety
 - ✓ The heritage value of the properties concerned (notably their archeological potential). To identify this value, MCC refers to its existing inventories among other things.
 - ✓ The opinions of CALQ, SODEC, Commission des biens culturels (CBC), or BANQ with regard to projects in their areas of concern
- **Project quality**, based notably on
 - ✓ The applicant's ability to assume all operational and maintenance expenses for the properties in question, alone or with partners, if the project goes through
 - ✓ The financial participation of public and private partners or the owner
- **Anticipated project benefits**, particularly its environmental, social, and economic impact

Once MCC deems the preliminary draft sufficiently complete and gives it a favorable analysis, it may **recommend that an agreement in principle be drawn up**. Preliminary drafts that have not resulted in such an agreement despite a recommendation to this effect may be put on hold and resubmitted later.

Once the agreement in principle is received, applicants may complete the planning phase of their project, notably by conducting all studies needed to demonstrate the project's feasibility and finalize details. This agreement remains valid for 24 months and does not obligate either party to complete the project.

Once the project is finalized, if MCC deems the feasibility studies to be satisfactory and its analysis is favorable, it may **recommend announcement** of its financial participation in the project.

If, upon analysis, it is deemed more advantageous for a project to be carried out as part of a public/private partnership, MCC will process the project according to the government procedure set out for this purpose.

Projects with a construction budget at or above the limit set by MCC (currently \$2,000,000) are required to hold an architectural competition. However, for the restoration of a protected cultural property or under circumstances it deems exceptional, MCC may release the applicant from this obligation. MCC may also require such a competition even for projects with budgets under this limit.

Architectural competition rules and programs must be approved by MCC.

ASSESSING PROJECTS ALREADY UNDER WAY

At the end of each project stage, MCC provides the necessary validations or authorizations to allow it to advance to the next stage.

Once the work or property is delivered, MCC approves the final report on the work carried out and adjusts the grant accordingly.

AWARDING OF FINANCIAL ASSISTANCE

In addition to certain conditions regarding how the grant is used, payment is conditional on signature by the beneficiary of a results agreement setting out

- Obligations with regard to accountability
- Commitments with regard to announcing the grant and its purpose

ELIGIBLE EXPENSES

PROJECTS CONCERNING PERSONAL PROPERTY OR ACQUISITION OF EQUIPMENT

For projects whose sole purpose concerns personal property or the acquisition of equipment or specialized furnishings, expenses related to the following are eligible:

- Acquisition of equipment or specialized furnishing
- Installation of equipment or specialized furnishing
- Restoration of personal property
- Professional fees

OTHER PROJECTS

In all other cases, expenses concerning the following are eligible:

- Overall costs for the
 - ✓ Acquisition of a building
 - ✓ Development, construction, expansion, consolidation, renovation, restoration, or recycling of real or personal property
 - ✓ Acquisition of equipment or specialized furnishing
 - ✓ Installation of equipment or specialized furnishing
- Incidental costs related to
 - ✓ Professional services (notably those of a project manager)
 - ✓ Capital transfer tax
 - ✓ Manufacture and installation of a site markers
 - ✓ The architectural contest
 - ✓ Integrating art into the architecture and environment
 - ✓ Project financing
 - ✓ Enforcement of a government act or policy with regard to construction

The total of these costs and fees cannot exceed the maximum per square meter amount specified in the following table.

MAXIMUM ELIGIBLE EXPENSES FOR CERTAIN TYPES OF FACILITIES	
Type of facility	Maximum eligible cost/m²(*)
Museum Interpretation site Protected or heritage cultural property	\$4,340
Performance venue with fewer than 650 seats	\$4,340
Performance venue with 650 seats or more	\$5,860
All other types of facilities	\$2,150

(*) This cost is indexed annually based on the construction price index set by MCC based on various sources. It is adjustable for projects in more remote locations.

Eligible expenses also include land acquisitions costs. In such cases, the applicant must be a nonprofit corporation (private organization or cooperative) receiving either financial operational assistance from MCC, CALQ, or BAnQ or recurring assistance from MCC or SODEC for the holding of activities.

A building's purchase price cannot exceed its standardized taxable assessment or the value determined by an accredited appraiser.

Expenses that have been approved by MCC as part of an agreement in principle are considered to be eligible only if the project in question goes through.

GRANT CALCULATION

The financial contribution granted may not exceed 50% of the total eligible expenses unless the applicant is a nonprofit organization or a municipality whose land wealth index is 75 or less, in which case the financial contribution may be as high as 90%.

If the applicant does not proceed with a project for which MCC has provided its agreement in principle, MCC is released from any obligation toward the applicant; however, if MCC does not follow through on the grant application, it may grant assistance representing 50% of the cost of eligible expenses already incurred under the agreement in principle at the time of its withdrawal.

GRANT PAYMENT

When the MCC contribution is under \$100,000, the grant is generally paid directly. Contributions of \$100,000 or more are generally paid through debt servicing by MCC, but may also be paid directly in some situations.

In the case of debt servicing,

- MCC's financial participation is amortized within
 - ✓ Three to five years for contributions of \$100,000 to \$300,000
 - ✓ Five to ten years for contributions of \$300,000 to \$700,000
 - ✓ Ten to twenty years for contributions of \$700,000 and over
- The beneficiary must put together the project's temporary and long term financing.
- The capital that MCC must reimburse corresponds to the grant amount calculated after expenses are audited. The amount of interest is listed on the beneficiary's long term loan amortization table.
- MCC begins paying its portion once the work is complete, final approval of the project has gone through, and the beneficiary and MCC have signed the appendices of the agreement that identify the final grant amount and MCC payment schedule respectively.
- In addition to its portion of the periodic payments, MCC will pay the beneficiary its portion of the refinancing fees at the agreed-upon frequency for the duration of the amortization.

SPECIAL TRANSITION MEASURES

Projects that have been approved in principle by MCC are processed based on the program in force when the agreement was signed.

Projects for which an application was made before the implementation of this program and which were under review at the time the program came into force are assessed according to the program.

TRANSFERRING PROGRAM MANAGEMENT TO A PARTNER

Under the Partnership Assistance Program, MCC may sign an agreement to delegate full or partial management of its Capital Assistance Program to a partner upon authorization by Conseil du trésor.

The agreement then signed between MCC and its partner must set out the objectives and accountability requirements with which the partner must comply, specifically with regard to work progress reports, project costs and expenses, and all other relevant matters. The terms of this agreement must comply with the parameters of the Capital Assistance Program.

Applicants with projects that concern the sector or area of activity of an MCC partner who has been entrusted with management of all or part of the Capital Assistance Program must submit their applications to the designated manager.

CONTROL MEASURES

Accountability procedures are governed by the results agreement:

- Applicants must report back at the frequency stipulated in the agreement or at the project's conclusion, depending on the nature and duration of the project.
- They must do one of the following:
 - ✓ Attend one or more meetings called by MCC and whose results are recorded in a written report
 - ✓ Draw up a final report and any required progress reports themselves

In their reports, applicants are required to include the following:

- An accounting of completed activities
- A description of project results and an assessment thereof in relation to the objectives set
- A grant use report confirming that the amounts granted were used for their intended purposes
- Any information or documents required by MCC under the results agreement
- Any other information or documents requested by MCC

MCC reserves the right to visit the site at any time to see how grant amounts are being used.