

**CANADA – PRINCE EDWARD ISLAND
MUNICIPAL RURAL INFRASTRUCTURE FUND AGREEMENT
2005-2012**

This Agreement made as of April 27, 2005

BETWEEN: **HER MAJESTY IN RIGHT OF CANADA**, (“Canada”) represented by the Minister of State (Infrastructure and Communities) (“Federal Minister”) and the Minister of Atlantic Canada Opportunities Agency

AND: **HER MAJESTY IN RIGHT OF THE PROVINCE OF PRINCE EDWARD ISLAND** (“Prince Edward Island”) represented by the Premier of Prince Edward Island and Minister responsible for Intergovernmental Affairs and the Minister of Community and Cultural Affairs (“Provincial Ministers”)

BACKGROUND

In the 2002 Speech from the Throne, the Government of Canada pledged to work with provincial, territorial, and municipal governments to put in place a ten-year initiative for infrastructure renewal to ensure that Canadian communities, large and small, are sustainable, competitive and healthy centres for economic growth and innovation.

In Budget 2003, the Government of Canada confirmed its ten-year commitment by providing \$1 billion to help meet the infrastructure needs of smaller communities. This new initiative is called the Municipal Rural Infrastructure Fund (MRIF). In Budget 2004, the Government of Canada accelerated its commitment to smaller communities to five years.

MRIF builds on the results and successes of the \$2.05 billion Infrastructure Canada Program (ICP). Since its launch in 2000, ICP has delivered almost 3,000 community public infrastructure projects through federal-provincial/territorial agreements, generating almost \$6 billion in total infrastructure investment from the partners.

In order to maximize the resulting infrastructure benefits to Canadian communities, Canada is negotiating with the provinces and territories to develop new joint agreements for the purpose of delivering the \$1 billion MRIF and to leverage this investment with provincial, territorial, municipal and non-governmental financial contributions.

Furthermore, to ensure an equitable distribution of funding and in order to address the individual needs of smaller communities, a minimum of 80% of MRIF investments will be directed to projects that benefit municipalities with populations of less than 250,000.

In order to encourage the use of integrated asset management by small-scale Canadian municipalities, most provinces and territories will allocate up to one percent of their respective MRIF contributions towards a municipal capacity building component.

ACKNOWLEDGEMENTS

Canada and Prince Edward Island recognize that Local Governments and the non-governmental sector are best able to determine the community public Infrastructure required to enhance the quality of life of Canadians.

Canada and Prince Edward Island wish to work with Local Governments and the non-governmental sector to maximize the use of their resources and expertise.

In delivering MRIF, Canada and Prince Edward Island through this “Municipal Rural Infrastructure Fund Agreement” (Agreement) intend to build upon and improve ICP by:

- a joint Canada-Prince Edward Island Application process;
- a material role for Prince Edward Island-based municipal associations in Project selection and funding; and
- a framework to guide Project selection by leveraging governmental contributions to generate greater public benefits, including the reduction of manmade greenhouse gases as stated in the Kyoto Protocol.

Order in Council E.C. 2005-220 has authorized the Premier and Minister of Intergovernmental Affairs and the Minister of Community and Cultural Affairs to enter into this Agreement on behalf of Prince Edward Island.

This Agreement relates to Canada and Prince Edward Island’s recognition of the need to provide long-term funding for modern community public Infrastructure in Prince Edward Island.

NOW THEREFORE, in accordance with the principles set out above, Canada and Prince Edward Island hereby agree as follows:

1. INTERPRETATION

1.1 DEFINITIONS

A capitalized term has the meaning given to it in this section unless the context clearly dictates otherwise.

“**Agreement**” means this Canada-Prince Edward Island contribution agreement.

“**Applicant**” means:

- a) a Local Government or its agent, including a corporation that is wholly owned by the Applicant, that has applied for a contribution in support of a Project under MRIF; or
- b) a non-governmental organization whose Application is supported by a resolution from a Local Government;

but does not include:

departments, ministries and agencies of Canada or Prince Edward Island, and federal or provincial departmental corporations or Crown corporations.

“**Application**” means a request for funding by an Applicant or an MCB Applicant submitted in accordance with the Canada-Prince Edward Island Application Form Guideline.

“**Construction Works**” means any physical changes to land (above or below ground level) or buildings.

“**Contract**” means a Contract between a Recipient and a Third Party whereby the latter agrees to contribute a product or service to a Project in return for financial consideration which may be claimed as an Eligible Cost.

“**Contribution agreement**” means an agreement between Prince Edward Island and a Recipient whereby Prince Edward Island agrees to contribute financially to an approved Project.

“Eligible Costs” means

- a) Infrastructure Project costs eligible for funding in accordance with Schedule B.1; or
- b) MCB Project costs eligible for funding in accordance with Schedule B.3, as applicable.

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

“Green Projects” means local Infrastructure Projects that:

- a) in the opinion of the Parties, improve the quality of the environment and contribute to clean water, soil or air; and
- b) fall in one of the following Schedule A categories: water and wastewater, solid waste, public transit or energy efficiency.

“Infrastructure” means publicly- or privately-owned fixed capital assets in Canada for public use or benefit.

“Local Government” means

- a) a municipality as defined in paragraph 1(e) of the *Municipalities Act*, R.S.P.E.I. 1988, c. M-13 and referred to in the *Charlottetown Area Municipalities Act*, R.S.P.E.I. 1988, c. C-4.1 and the *City of Summerside Act*, R.S.P.E.I. 1988, c. S-9.1;
- b) the Government of Prince Edward Island where it is providing services of a municipal nature to communities that are not municipalities as defined under Part a) above.

“Management Committee” means the committee established pursuant to Section 4.

“MCB” means the municipal capacity building component of MRIF.

“MCB Applicant” means

- a) a municipality;
- b) municipal agencies;
- c) a combination or a group of municipalities;
- d) inter-municipal agencies; or
- e) municipal associations.

but does not include:

departments, ministries and agencies of Canada or Prince Edward Island, and federal or provincial departmental corporations or Crown corporations.

“MCB Project” means an MCB project that is the subject of an Application by an MCB Applicant.

“Ministers” means the Federal Minister and the Provincial Ministers, and includes anyone authorized to act on their behalf.

“MRIF” means Canada's Municipal Rural Infrastructure Fund under which this Agreement is authorized.

“Parties” means Canada and Prince Edward Island.

“Party” means either one of Canada or Prince Edward Island.

“Project” means

- a) a local Infrastructure Project, excluding the Infrastructure’s maintenance and operation that is the subject of an Application;
 - b) an MCB Project that is the subject of an Application from an MCB Applicant;
- as applicable.

“Recipient” means an Applicant whose Project is approved for funding under MRIF.

“Third Party” means any person, other than a Party to this Agreement or a Recipient, who participates in the implementation of a Project.

1.2 ENTIRE AGREEMENT

This Agreement supersedes and invalidates all other commitments, representations and warranties relating to the subject matter hereof, which may have been made by the Parties either orally or in writing prior to the date hereof, and all of which will become null and void from the date this Agreement is signed.

1.3 SCHEDULES

The following schedules are attached to form part of this Agreement:

- a) Schedule A, Project Review and Selection Framework;
- b) Schedule A-1, MCB Project Review and Selection Framework;
- c) Schedule B, Eligible and Ineligible Costs; and
- d) Schedule C, Protocol for Small Projects.

1.4 GUIDELINES

The following Canada-Prince Edward Island guidelines form part of this Agreement:

- a) Application Form Guideline;
- b) Business Case Guideline;
- c) Reporting-Audit-Evaluation Guideline;
- d) Information Management-SIMSI Guideline;
- e) Communication Protocol Guideline.

1.5 PRECEDENCE

In the event of a conflict, the part of this Agreement that precedes the signatures of the Parties will take precedence over the Schedules and the Guidelines.

1.6 ACCOUNTING PRINCIPLES

All accounting terms not otherwise defined herein have the meanings assigned to them; all calculations will be made and all financial data to be submitted will be prepared, in accordance with the generally accepted accounting principles (GAAP) in effect in Canada and in Prince Edward Island. GAAP will include, without limitation, those principles approved or recommended from time to time by the Canadian Institute of Chartered Accountants, or any successor institute, applied on a consistent basis.

2. PURPOSE

2.1 PURPOSE OF THE AGREEMENT

The purpose of this Agreement is to provide a joint framework for the implementation of MRIF in Prince Edward Island, which is made possible by Canada's contribution, together with Prince Edward Island's contribution, as set out in Section 3.1.

2.2 FUNDING LIMITATIONS

For a Project to be eligible for funding under this Agreement, the Parties must be satisfied that their contribution is required to enable its implementation, enhance its scope, or accelerate its timing. The contribution will not exceed the minimum amount necessary for the Project to proceed, after taking into account other sources of funding available.

2.3 PROJECT FUNDING

The Parties agree that Projects:

- a) will be selected for funding in accordance with Schedule A; and
- b) may be funded by only one of the Parties if approved by the other.

3. FINANCIAL PROVISIONS

3.1 TOTAL CONTRIBUTION

- a) The Parties agree that the total contribution by:
 - i) Canada will not exceed \$18,000,000 as set out in Section 3.3, up to two percent (2%) of which Canada agrees to pay to Prince Edward Island for fifty percent (50%) of the direct expenses incurred by it, after the execution, and solely for the administration of this Agreement; and
 - ii) Prince Edward Island will equal the total amount contributed by Canada less the amount paid by it to Prince Edward Island for direct expenses under subsection i).
- b) The Parties agree that, by the end of the Agreement, each Party's total financial contribution under MRIF, will not exceed one-third (1/3) of the total of the Eligible Costs incurred by all approved Projects. However, the total contribution by a Party to a Project may be higher but may not exceed fifty percent (50%) of its total Eligible Costs.
- c) The Parties agree to dedicate up to one percent (1%) of each Party's total financial contribution to assist Local Governments with asset management planning and capacity building.

3.2 APPROPRIATIONS

A payment due by either party under this Agreement is conditional on a legislated appropriation for the Fiscal year in which the payment is due. Both Parties undertake to make their best efforts to cause their respective legislatures to enact the appropriation legislation required to carry out this Agreement.

3.3 NOTIONAL ALLOCATION

The total contribution will be allocated notionally as follows:

Fiscal year	Prince Edward Island	Canada
2005-2006	\$3,600,000	\$3,600,000
2006-2007	\$3,600,000	\$3,600,000
2007-2008	\$3,600,000	\$3,600,000
2008-2009	\$3,600,000	\$3,600,000
2009-2010	\$3,600,000	\$3,600,000
TOTAL	\$18,000,000	\$18,000,000

3.4 RE-PROFILING

If any portion of a Party's annual allocation is not expended in a Fiscal year, and subject to Sections 3.1 and 3.2, the Party will contribute an additional amount equal to the unexpended portion in subsequent Fiscal years, but no later than the last Fiscal year of this Agreement.

3.5 FISCAL YEAR FORECASTS

At the beginning of each Fiscal year, the Management Committee will present to the Parties a plan outlining the forecasted cash flow including the aggregate list of approved Projects and a forecast of the budget for new Projects in the Fiscal year.

3.6 FUNDING TARGETS

The Parties agree that Projects will be approved so that, by the termination of this Agreement, of the total contribution, as specified in Section 3.1:

- a) at least forty percent (40%) will have been committed to Green Projects; and
- b) up to five percent (5%) will have been committed to fund Small Projects, a priority objective of this Agreement, as defined under Schedule "C", Protocol for Small Projects.

3.7 LIMIT ON CANADA'S AGGREGATE FINANCIAL ASSISTANCE

The total funding from all federal sources will not exceed fifty percent (50%) of the total Eligible Costs for a Project. Prince Edward Island agrees to inform Canada promptly of any financial assistance offered or received in respect of Eligible Costs of a Project. Canada may reduce its MRIF contribution towards a Project to respect the 50% limit of Eligible Costs.

3.8 DISCREPANCIES

The Parties agree to promptly correct any discrepancy between the amount payable and the amount paid by Canada under this Agreement.

4. MANAGEMENT COMMITTEE

4.1 ESTABLISHMENT

Within 60 days of the signing of this Agreement, the Parties will establish a Management Committee to administer and manage this Agreement. The Management Committee will consist of two members appointed by Canada and two members appointed by Prince Edward Island. The Parties will notify each other of the appointments in the said 60-day period. All members will be selected from each Party's senior officials. The Management Committee will operate until all terms of this Agreement have been fulfilled.

4.2 CO-CHAIRS

The Management Committee will be headed by two Co-chairs chosen from its members: one appointed by Canada ("Federal Co-chair"), and one appointed by Prince Edward Island ("Provincial Co-chair"). If one Co-chair is absent or unable to act, he or she will be replaced by the other federally-appointed member, or the other provincially-appointed member, as the case may be.

4.3 MEETINGS AND ADMINISTRATIVE MATTERS

The Management Committee will:

- a) Meet regularly, as agreed by the Co-chairs. Quorum will consist of the two Co-chairs;
- b) Establish rules and procedures with respect to its meetings and those of its sub-committees, including rules for the conduct of meetings and the making of decisions;
- c) Establish a fixed location where this Agreement will be administered, and maintain it until the Committee's activities have concluded; and
- d) Ensure that all documents needed for the proper administration of this Agreement are prepared and retained at the location.

4.4 RECOMMENDATIONS AND DECISIONS

All decisions and recommendations of the Committee must be consensual and recorded in writing.

4.5 JOINT SECRETARIAT

- a) The Parties agree to establish a joint secretariat to support the Management Committee in the administration of this Agreement, including the timely production and sharing of information about Applicants, Recipients, Projects, financial cash flows and other information; and
- b) Prince Edward Island agrees to pay the costs of the Secretariat and to provide the location mentioned in subsection 4.3 c).

4.6 ENHANCED PARTNERSHIP WITH MUNICIPAL ORGANIZATIONS

Prince Edward Island will continue with its practice of promoting consultation with municipal organizations.

The Parties agree to draw upon the knowledge and experience of local governments, where appropriate, and to work together to put in place the following mechanisms:

The Federation of Prince Edward Island Municipalities, upon invitation of the

Management Committee, may provide an observer for discussions and presentations during relevant portions of Management Committee meetings.

4.7 JOINT GUIDELINES, PROCEDURES AND FORMS

The Management Committee will develop, in a timely manner, a series of guidelines, procedures and forms necessary that will reflect the joint nature of MRIF, for:

- a) Submitting Project Applications;
- b) Evaluating, ranking, and recommending Applications for approval;
- c) Entering into and recording Contribution agreements with Recipients;
- d) Reporting by Recipients on the implementation and evaluation of Projects;
- e) Submitting claims;
- f) Recording of claims and payments; and
- g) Carrying out any other of its duties under this Agreement.

4.8 JOINT APPLICATION REVIEW PROCESS

The Parties agree to put in place the following joint Application review process:

- a) Wherever possible, Applications must be filed online with the Parties by:
 - i) Completing the application form found at the following web site:
www.gov.pe.ca/go/infrastructure; or
 - ii) Downloading the application and e-mailing it to the Canada-Prince Edward Island Municipal Rural Infrastructure Secretariat at
cpei-infrastructure@gov.pe.ca; or
 - iii) If any electronic alternative is not available or not appropriate, by submitting a hard copy to:
Canada-Prince Edward Island Municipal Rural Infrastructure Secretariat
Department of Community and Cultural Affairs,
Province of Prince Edward Island
31 Gordon Drive
P.O. Box 2000
Charlottetown, PE, C1A 7N8.
- b) The Management Committee will, after receipt of an Application:
 - i) advise the Applicant of receipt and of any additional information it requires;
 - ii) review and rank the Application against the mandatory screening criteria (as determined by the Management Committee), the priority objectives as defined in this Agreement, and the ranking criteria of its category as set out in Schedule A or Schedule A-1, as applicable, and against all other requirements and criteria of this Agreement;
 - iii) note and record which requirements the Project fails to meet;
 - iv) make a recommendation, with reasons, to the Parties, as to the Application's suitability for funding, and advise them as to any requirement that is not yet met.

4.9 ENVIRONMENTAL LEGISLATION REQUIREMENT

The Management Committee will ensure that no funds are committed to a Project until all legislated environmental assessment requirements have been fully met. Funding for a Project component is also conditional on the implementation of those mitigation measures identified in the environmental assessment. However, this does not prevent the Parties from making a funding commitment that is conditional upon meeting them.

4.10 EXCEPTIONAL CIRCUMSTANCES

Despite any other provision in this Agreement, the Parties may approve, if the Project is located in a rural or isolated area and its circumstances are exceptional, and after taking into account the detailed recommendation of the Management Committee, an Application which does not meet the mandatory requirements set out in Schedule A. The project must be in keeping with all laws and regulations.

4.11 CHANGES DURING THE LIFE OF THE PROJECT

- a) In this Section, "significant change" includes, in respect of a Project:
 - i) any material change to its location, scope or timing;
 - ii) any other change that would trigger a further environmental assessment; and
 - iii) an increase in its Eligible Costs which, when added to any previous increase, would be greater than either \$50,000 or ten percent (10%) of the original Eligible Costs of the Project as set out in the initial Contribution agreement.
- b) A request for an amendment to a Contribution agreement will be reviewed by the Management Committee, and:
 - i) in the case of a request for a significant change, it will recommend to the Parties whether to approve it or not; and
 - ii) in the case of another change, it may approve or reject it.

4.12 INCORPORATION IN AGREEMENTS AND CONTRACT

- a) The Management Committee will ensure that all Contribution agreements and Contracts are consistent with this Agreement and incorporate its relevant provisions to the extent possible.
- b) Contribution agreements will include a provision to the effect that the Recipient will begin its Project within six months of the date of the Contribution agreement, failing which it may be terminated by the Parties. If a Recipient fails to comply with the provision, Prince Edward Island will notify the Committee, which will recommend a course of action.
- c) Prince Edward Island agrees to ensure that Contribution agreements will include language to the effect that the Recipient will complete the Project fully and in a timely manner.

4.13 INFORMATION MANAGEMENT SYSTEM

- a) SIMSI

Canada has developed a Shared Information Management System for Infrastructure (SIMSI) to support the delivery of MRIF by providing online Project registration, approval, monitoring, and reporting capabilities. Costs associated with the

implementation and maintenance of the system will be borne by Canada. The Parties agree to promote and use SIMSI in accordance with the Canada-Prince Edward Island Information Management – SIMSI Guideline.

b) Information Management

The Parties agree to manage Application and Project information through its life cycle as required by the *Policy on the Management of Government Information* and applicable Provincial policies.

5. PROJECT IMPLEMENTATION

5.1 ENFORCEMENT OF CONTRIBUTION AGREEMENTS

Prince Edward Island agrees to enforce all terms and conditions of Contribution agreements, save for breaches of Contribution agreements that both Prince Edward Island and Canada agree are minor or inconsequential.

5.2 COMPLIANCE

The Parties agree to comply with, and to ensure that the Recipient and any Third Party comply with, all applicable legislation.

6. CONTRACT PROCEDURES AND PROVISIONS

6.1 AWARDING OF CONTRACTS

- a) The Parties agree that the Management Committee will develop policies and requirements concerning the awarding of Contracts and their content.
- b) All Contracts will be awarded and managed in accordance with Prince Edward Island's relevant policies and procedures, a copy of which will be provided to the Management Committee.
- c) The Parties agree that Contracts will be awarded in a way that is transparent, competitive, and consistent with value for money principles.

6.2 DATA GATHERING AND AUDITS

The Parties agree that all Contribution agreements and Contracts will include provisions authorizing Canada to gather data required under this Agreement, to perform audits and to monitor Projects as they see fit.

6.3 ACCOUNTS AND RECORDS

Without limiting the generality of other relevant provisions, the Parties agree that Contribution agreements will ensure that:

- a) Proper and accurate accounts and records of the Project are maintained, as developed by the Management Committee; and
- b) All the Project's records and accounts are available to the Parties and any member of the Management Committee, for inspection, at all reasonable times.

6.4 INDEMNIFICATION

All Contribution agreements and Contracts will also include an indemnification clause to the effect that Canada and Prince Edward Island, their officers, servants, employees, or agents will be indemnified and saved harmless from and against all claims and demands, loss, costs, damages, actions, suits, or other proceedings by whomsoever brought or

prosecuted in any manner based upon, or occasioned by any injury to persons, damage to or loss or destruction of property, economic loss or infringement of rights caused by or arising directly or indirectly from:

- a) This Agreement;
- b) The performance of a Contribution agreement or the breach of any term or condition of it by a Recipient, its officers, servants, employees and agents, or by a Third Party, and any of its officers, employees, servants or agents;
- c) The ongoing operation, maintenance and repair of the Infrastructure resulting from the Project; or
- d) Any omission or other wilful or negligent act of the Recipient, a Third Party, their respective employees, officers, servants or agents.

6.5 INFRASTRUCTURE MAINTENANCE AND OPERATION

Prince Edward Island agrees that all Contribution agreements will stipulate that the assets resulting from the Project will be used, maintained and operated for a period of at least one-half of the expected life of the asset after the completion of the Project.

6.6 INFRASTRUCTURE DISPOSAL

Prince Edward Island agrees to include the following clauses in its Contribution agreements:

- a) *Unless otherwise agreed to by the Parties, the Recipient will retain title to, and ownership of, the Infrastructure resulting from the Project for at least ten (10) years after Project completion; and*
- b) *In the event that, at any time within ten (10) years from the date of completion of the Project, the Recipient sells, leases, encumbers or otherwise disposes of, directly or indirectly, any asset constructed, rehabilitated or improved, in whole or in part, with funds contributed by Canada and Prince Edward Island under the terms of this Agreement, other than to Canada, Prince Edward Island, a Local Government, or a Crown corporation of Prince Edward Island that is the latter's agent for the purpose of implementing this Agreement, the Recipient hereby undertakes to repay Canada and Prince Edward Island, on demand, a proportionate amount of the funds contributed by Canada and Prince Edward Island, as follows:*

<i>Where Project asset is sold, leased, encumbered or disposed of:</i>	<i>Repayment of contribution (in current dollars)</i>
<i>Within 2 Years after Project completion</i>	<i>100%</i>
<i>Between 2 and 5 Years after Project completion</i>	<i>55%</i>
<i>Between 5 and 10 Years after Project completion</i>	<i>10%</i>

At any time during the ten (10) years following the date of completion of the Project, each Party agrees to notify the other Party in writing immediately upon receiving information or becoming aware of any transaction triggering the above-mentioned repayment.

7. CLAIMS AND PAYMENTS

7.1 PAYMENTS

Prince Edward Island agrees to submit claims to Canada in accordance with the procedures established by the Management Committee. If in Canada's opinion, the requirements of this Agreement have been complied with, it will reimburse its share of Eligible Costs paid.

7.2 CLAIMS DATES

Canada will pay claims in respect of Eligible Costs provided they are received by Canada:

- a) No later than March 31 of the year following the Fiscal year in which the Eligible Cost was incurred; and
- b) In any event, no later than March 31, 2011.

7.3 CONTRIBUTION IMBALANCE

The Parties will ensure that by August 1, 2011, each has paid the same amount in contributions, and will correct any imbalance by October 1, 2011.

8. DISPUTE RESOLUTION

8.1 DISPUTE RESOLUTION

The Parties agree to keep each other informed of any disagreement or contentious issue, by notifying the Management Committee, which will attempt to resolve it.

8.2 REFERRAL

Any disagreement or contentious issue that cannot be resolved will be submitted to the Ministers for resolution.

8.3 APPLICABLE JURISDICTION

Any legal proceeding regarding this Agreement will be initiated in the Supreme Court of Prince Edward Island.

8.4 WAIVER

A Party may waive any right under this Agreement only in writing; and any tolerance or indulgence demonstrated by that Party will not constitute waiver of such right. Unless a waiver is executed in writing, that Party will be entitled to seek any remedy that it may have under this Agreement or under the law.

9. MONITORING AND REPORTING

9.1 RECORD KEEPING

Prince Edward Island will ensure that proper and accurate accounts and records, including invoices, statements, receipts and vouchers, are kept for at least three (3) years after termination of this Agreement and will, upon reasonable notice, make them available to Canada for inspection or audit.

9.2 AUDITS

- a) The Management Committee will ensure that expenditures under this Agreement are

audited in accordance with the Canada-Prince Edward Island Reporting - Audit - Evaluation Guideline; and

- b) In addition, any Party, at its own expense, may audit all accounts, records, and claims for reimbursement relating to this Agreement and may undertake reviews of Prince Edward Island's administrative, financial and claim certification processes and procedures to ensure compliance with this Agreement, at its expense.

9.3 EVALUATION

- a) Evaluation Framework

The Parties agree to cooperate with respect to the evaluation of MRIF, the costs of which Canada will bear. Canada agrees to consult with Prince Edward Island on the design of the evaluation framework.

- b) Evaluation by the Parties

Prince Edward Island agrees to participate with Canada in conducting prospective and retrospective evaluations of the agreement in order to report on the objectives and results.

- c) Evaluation by Canada

In addition to the data to be inputted to SIMSI under Section 4.13, Prince Edward Island will provide all relevant data and information that Canada may need for evaluation.

10. COMMUNICATIONS

10.1 COMMUNICATIONS

The Parties hereby agree to follow the terms of the Communications Protocol in the Canada-Prince Edward Island Communication Protocol Guideline.

11. MISCELLANEOUS

11.1 BINDING OBLIGATIONS

Each Party declares to the other that the signing and execution of this Agreement was duly and validly authorized, and that each has incurred a legal and valid obligation in accordance with the terms and conditions of the Agreement.

11.2 BEGINNING AND EXPIRY DATES

This Agreement will be effective when signed by the Parties and will end on March 31, 2012.

11.3 ULTIMATE APPROVAL DATE

Despite any other provision of this Agreement, no Project will be approved after March 31, 2009.

11.4 SURVIVAL

The Parties' rights and obligations set out in Sections 3.8, 5.1, 5.2, 6.4, 6.5, 6.6, 7.3, 8.4, 9.1, 9.2, 9.3, 11.1, 11.6 and 11.16 will survive the expiry or early termination of this Agreement.

11.5 GOVERNING LAW

This Agreement is governed by the laws applicable in Prince Edward Island.

11.6 DEBTS DUE TO EITHER PARTY

- a) Any amount owed to Canada under this Agreement will constitute a debt due to Canada, which Prince Edward Island will reimburse forthwith, on demand, to Canada.
- b) Any amount owed to Prince Edward Island under this Agreement will constitute a debt due to Prince Edward Island, which Canada will reimburse forthwith, on demand, to Prince Edward Island.

11.7 NO BENEFIT

No member of the House of Commons or of the Senate of Canada or of the Legislative Assembly of Prince Edward Island will be admitted to any share or part of any Contract made pursuant to this Agreement or to any benefit arising therefrom.

11.8 NO AGENCY

It is understood, recognized and agreed that no provision of this Agreement and no action by the Parties will establish or be deemed to establish a partnership, joint venture, principal-agent relationship, or employer-employee relationship in any way or for any purpose whatsoever between Canada and Prince Edward Island or between Canada, Prince Edward Island and a Third Party.

11.9 NO AUTHORITY TO REPRESENT

Nothing in this Agreement is to be construed as authorizing one Party to contract for or to incur any obligation on behalf of the other or to act as agent for the other. Nothing in this Agreement is to be construed as authorizing any Recipient or any Third Party to contract for or to incur any obligation on behalf of either Party or to act as an agent for either Party and Prince Edward Island will take reasonable steps to ensure that all Contribution agreements and Contracts contain provisions to that effect.

11.10 COUNTERPART SIGNATURE

This Agreement may be signed in counterpart, and the signed copies will, when attached, constitute an original Agreement.

11.11 VALUES AND ETHICS CODE

No person governed by the post-employment, ethics and conflict of interest guidelines of Canada will derive a direct benefit from this Agreement unless that person complies with the applicable provisions.

11.12 SEVERABILITY

If for any reason a provision of this Agreement that is not a fundamental term is found to be or becomes invalid or unenforceable, in whole or in part, it will be deemed to be severable and will be deleted from this Agreement, but all the other terms and conditions of this Agreement will continue to be valid and enforceable.

11.13 LOBBYISTS AND AGENT FEES

Prince Edward Island warrants that any person who lobbies or has lobbied on its behalf to obtain funding, or any benefit under this Agreement, and who is subject to the

Lobbyists Registration Act (Canada), is registered accordingly. Furthermore, Prince Edward Island warrants that no remuneration based on a percentage of Canada's contribution will be paid to a lobbyist.

11.14 AMENDMENTS TO THE GUIDELINES

The Parties may, from time to time, mutually amend in writing the Guidelines provided that no amendment will expand the obligations of either Party under the Guidelines or impose upon either Party any obligation, which is not already set out in this Agreement.

11.15 AMENDMENTS TO THE AGREEMENT

This Agreement may be amended from time to time on written agreement of the Ministers.

11.16 NOTICE

Any notice, information or document provided for under this Agreement will be effectively given if delivered or sent by letter, postage or other charges prepaid. Any notice that is delivered will have been received on delivery; and any notice mailed will be deemed to have been received eight (8) calendar days after being mailed.

Any notice to Canada must be sent to both:

Director General, Intergovernmental Operations
Infrastructure Canada
90 Sparks Street
Ottawa, Ontario
K1P 5B4

and

Vice President
Atlantic Canada Opportunities Agency
P.O. Box 40
Charlottetown, Prince Edward Island
C1A 7K2

Any notice to Prince Edward Island will be addressed to both:

Deputy Minister
Department of Community & Cultural Affairs
Province of Prince Edward Island
P.O. Box 2000
Charlottetown, Prince Edward Island
C1A 7N8

and

Director, Planning & Inspection Services
Department of Community & Cultural Affairs
Province of Prince Edward Island
P.O. Box 2000
Charlottetown, Prince Edward Island
C1A 7N8

Each Party may change the address that it has stipulated by notifying the other Party in writing, of the new address.

SIGNATURES

This Agreement has been executed on behalf of Canada by the Minister of State (Infrastructure and Communities), and the Minister of Atlantic Canada Opportunity Agency, and on behalf of Prince Edward Island by the Premier and Minister responsible for Intergovernmental Affairs, and the Minister of Community and Cultural Affairs.

GOVERNMENT OF CANADA
Original signed by:

GOVERNMENT OF PRINCE EDWARD ISLAND
Original signed by:

The Honourable John Godfrey
Minister of State
(Infrastructure and Communities)

The Honourable Pat Binns
Premier
Province of Prince Edward Island

The Honourable Joseph McGuire
Minister
Atlantic Canada Opportunity Agency

The Honourable Elmer MacFadyen
Minister
Province of Prince Edward Island

SCHEDULE “A” - PROJECT REVIEW AND SELECTION FRAMEWORK

This Schedule sets out the criteria to be used for the review and selection of Infrastructure Projects.

DEFINITION

In this Schedule, unless the context requires otherwise,

“Public-private partnership” (P3): means an arrangement between public and private sector entities for the purpose of providing Infrastructure and related services that is characterized by the sharing of risk and reward between the entities.

“Greenhouse Gas” (GHG): refers to a number of minor gases in the atmosphere, although relatively transparent to sunlight, which absorb most of the infrared heat energy transmitted by the Earth towards space. This phenomenon has been called the “greenhouse effect” and the absorbing gases that cause it “greenhouse gases”. Important greenhouse gases include: water vapour, carbon dioxide, methane, nitrous oxide, ozone, and halocarbons.

A.1 PROJECT SELECTION CRITERIA

A.1.1 ELIGIBLE PROJECTS

To be eligible for funding, a Project must:

- a) Be submitted by an Applicant who demonstrates that it will be able to operate and maintain the resulting Infrastructure over the long term;
- b) Fall within one of the applicable Project categories hereunder, be consistent with the objectives of that category, be directly related to one of its subcategories and meet its mandatory screening criteria;
- c) Be ranked on how and to what extent it meets the category ranking criteria as outlined in the table shown in section A.12;
- d) Be for the construction, renewal, expansion or material enhancement of a community public Infrastructure;
- e) Be supported by a business case that is comprehensive, credible and feasible and meets the requirements of the Canada-Prince Edward Island Business Case Guideline;
- f) Stipulate a construction completion date of no later than March 31, 2010;
- g) Be duly authorized or endorsed by:
 - i) a resolution of the Applicant’s Local Government council or Board of Directors; or
 - ii) in the case of a non-governmental Applicant, also by a resolution of the Local Government council where the Infrastructure is proposed to be located; and
- h) Meet the requirements of all applicable federal and provincial legislation.

A.1.2 NON-ELIGIBLE PROJECTS

- a) Projects dealing mainly with assets owned by Canada or Prince Edward

Island are only eligible for funding if, in the opinion of the Management Committee, the assets are of a type normally owned or operated by Local Governments for community use and benefit.

- b) Projects where Construction Works have started, prior to approval by Ministers, will not be eligible for funding.

A.2 CATEGORY 1: WATER

A.2.1 OBJECTIVE

The objective of this category is to construct, restore or improve public Infrastructure that improves water quality and ensures the sustainable use and management of Infrastructure and water resources.

A.2.2 SUBCATEGORIES

- a) Drinking water supply and storage;
- b) Drinking water treatment systems;
- c) Drinking water distribution systems;
- d) Metering programs; and
- e) Water conservation.

A.2.3 MANDATORY SCREENING CRITERIA

- a) The drinking water quality expected as a result of the Project must meet the applicable *Guidelines for Canadian Drinking Water Quality* or provincial standards, whichever are more stringent;
- b) The business case must include consideration of alternatives to the Project being proposed as well as the long-term operating costs of the Infrastructure;
- c) Construction should meet the *Atlantic Canada Guidelines for the Supply, Treatment, Storage, Distribution, and Operation of Drinking Water Supply Systems*;
- d) The components of the resulting infrastructure, which will be in direct contact with drinking water, must conform to ANSI/NSF 61; and
- e) In the case of a Project where the resulting Infrastructure will serve a commercial operation, the business case must provide for full cost recovery. If full cost recovery is not possible, the plan must provide alternative strategies for recovery.

A.3 CATEGORY 2: WASTEWATER

A.3.1 OBJECTIVE

The objective of this category is to construct, restore or improve Infrastructure that minimizes the potential impacts of effluent on sources of drinking water, aquatic ecosystems including fisheries resources and biodiversity, and that increases the efficiency of wastewater and stormwater collection and treatment systems.

A.3.2 SUBCATEGORIES

- a) Wastewater systems including sanitary sewer systems; and
- b) Separate storm water systems, and

- c) Biosolids treatment systems.

A.3.3 MANDATORY SCREENING CRITERIA

- a) The Project will reduce effluent contaminants, including toxics, in wastewater treatment plant output.
- b) Construction should meet the *Atlantic Canada Standards and Guidelines Manual for the Collection, Treatment, and Disposal of Sanitary Sewage*.
- c) In the case of a Project where the resulting Infrastructure will serve a commercial operation, the business case must provide for full cost recovery. If full cost recovery is not possible, the plan must provide alternative strategies for recovery.

A.4 CATEGORY 3: SOLID WASTE

A.4.1 OBJECTIVE

The objective of this category is to construct, restore or improve Infrastructure that improves solid waste management and increases the recovery and use of recycled and organic materials, reduces per capita tonnage of solid waste sent to landfill, reduces environmental impacts and enhances energy recovery.

A.4.2 SUBCATEGORIES

- a) Waste diversion - Material Recovery Facilities;
- b) Organics Management;
- c) Collection Depots;
- d) Waste disposal landfills; and
- e) Thermal treatment.

A.4.3 MANDATORY SCREENING CRITERIA

- a) The Project must be consistent with a sound strategy for local solid waste management.
- b) In the case of a Project where the resulting Infrastructure will serve a commercial operation, the business case must provide for full cost recovery. If full cost recovery is not possible, the plan must provide for alternative strategies for recovery.

A.5 CATEGORY 4: PUBLIC TRANSIT

A.5.1 OBJECTIVE

The objective of this category is to construct, restore or improve public transportation Infrastructure that will result in the reduction of environmental impacts, congestion, energy use or GHG emissions, and improved safety, support tourism and commerce, promote social and economic development of local areas, and help Canada lead in the use of innovative technologies for the operation and management of local transportation systems, including passenger and traffic information systems.

A.5.2 SUBCATEGORIES

- a) Rapid Transit: fixed capital assets and rolling stock (includes light rail, heavy

rail additions, subways, ferries, transit stations, park and ride facilities, grade separated bus lanes and rail lines);

- b) Transit Buses: bus rolling stock, transit bus stations; and
- c) Intelligent Transport System (ITS) and Transit Priority Capital Investments:
 - i) ITS technologies to improve transit priority signalling, passenger and traffic information, transit operation, incident management and rescue systems;
 - ii) capital investments, such as transit queue-jumpers and High Occupancy Vehicle (HOV) lanes; and
 - iii) integration of two or more of these features for increasing efficiency of local transportation.

A.5.3 MANDATORY SCREENING CRITERIA

- a) The Project must be consistent with the applicable transportation and land use plans of Prince Edward Island, region or Local Governments;
- b) The Project must be consistent with Canada's objectives with respect to sustainable growth, competitiveness and climate change;
- c) The Project business case must include the following:
 - i) submission of Project data, including GHG emissions, and Project costs;
 - ii) identification of near-term safety, efficiency, environmental and economic impacts of that Project, as well as potential impacts over a 5-to10-year horizon;
 - iii) demonstration of Applicant's ability to operate and sustain the resulting Infrastructure;
 - iv) confirmation of the Applicant's adherence, where applicable, to engineering guidelines (e.g., Transportation Association of Canada);
 - v) demonstration of Project's consistency with all applicable federal/provincial legislative and regulatory obligations; and
 - vi) demonstration of the accessibility provisions for persons with disabilities where applicable.

A.6 CATEGORY 5: LOCAL ROADS AND BRIDGES

A.6.1 OBJECTIVE

The objective of this category is to construct, restore or improve public roads that will result in the reduction of environmental impacts, congestion, energy use or GHG emissions; to improve safety, support tourism and commerce; promote social and economic development of local areas; and help Canada lead in the use of innovative technologies for the operation and management of local transportation systems, including passenger and traffic information systems.

A.6.2 SUBCATEGORIES

- a) Local Roads, arterial roads, bridges and tunnels within local boundaries;
- b) ITS and Transit priority capital investments:
 - i) ITS technologies to improve transit priority signalling, passenger and traffic

- information, transit operation, incident management, and rescue systems;
- ii) capital investments to support public transit on the local road network, such as queue-jumpers and High Occupancy Vehicle (HOV) lanes; and
- iii) integration of two or more of these features for increasing efficiency of local transportation.

A.6.3 MANDATORY SCREENING CRITERIA

- a) The Project must be consistent with the applicable transportation, land use and comprehensive community plans of Prince Edward Island, region or municipality;
- b) The Project must be consistent with Canada's objectives in respect of sustainable growth, competitiveness and climate change;
- c) The Project business case must include the following:
 - i) submission of Project data, including GHG emissions, and Project costs;
 - ii) identification of near-term safety, efficiency, environmental and economic impacts of that Project, as well as potential impacts over a 5-to10-year horizon;
 - iii) demonstration of Applicant's ability to operate and sustain the resulting Infrastructure;
 - iv) confirmation of the Applicant's adherence, where applicable, to engineering guidelines (e.g., Transportation Association of Canada);
 - v) demonstration of Project's consistency with all applicable federal/provincial legislative and regulatory obligations; and
 - vi) demonstration of the accessibility provisions for persons with disabilities where applicable.

A.7 CATEGORY 6: CULTURAL

A.7.1 OBJECTIVE

The objective of this category is to construct, restore or improve public arts and heritage Infrastructure to assist communities in the expression, preservation, development and promotion of their culture and heritage.

A.7.2 SUBCATEGORIES

- a) Museums (including art museums);
- b) Designated local heritage sites;
- c) Facilities for the performing arts;
- d) Cultural or community centres;
- e) Municipal libraries; and
- f) Other cultural Infrastructure that meet the category objectives.

A.7.3 MANDATORY SCREENING CRITERIA

- a) The Business case must demonstrate the Applicant's ability to operate and sustain the resulting Infrastructure;

- b) The resulting Infrastructure must be accessible to persons with disabilities; and
- c) All new buildings must exceed the energy efficiency requirements of the Model National Energy Code for Buildings by at least 25%.

A.8 CATEGORY 7: RECREATION

A.8.1 OBJECTIVE

The objective of this category is to construct, restore or improve recreation, physical activity and sports public Infrastructure to encourage a higher proportion of Canadians, from all segments of society, to integrate sports and physical activities in their daily life. This category would also support communities to host events of athletic excellence through funding sports facilities for the Canada 2009 Summer Games in cases where Communities had exhausted other avenues of funding.

A.8.2 SUBCATEGORIES

- a) Sports facilities excluding facilities used primarily by professional athletes;
- b) Community recreation spaces;
- c) Fields and parks, fitness trails, bike paths and lanes, playgrounds, and other facilities; and
- d) Other recreational Infrastructure that meets the category objectives.

A.8.3 MANDATORY SCREENING CRITERIA

- a) The Business case must demonstrate the Applicant's ability to operate and sustain the resulting Infrastructure;
- b) The functionality requirements of the Project must be a product of consultation with key users of the proposed facility;
- c) The resulting Infrastructure must be accessible to persons with disabilities;
- d) All new buildings must exceed the energy efficiency requirements of the Model National Energy Code for Buildings by at least 25%; and
- e) In the case of a Project where the resulting Infrastructure will serve a combined commercial and community operation, the business case must provide for public funding in direct proportion to the level of public use of the facility for community activities and amateur sports (e.g., if 20% of the proposed facility is available for public use, then 20% of the Project costs will be eligible for funding).

A.9 CATEGORY 8: TOURISM

A.9.1 OBJECTIVE

The objective of this category is to construct, restore or improve tourism Infrastructure that is economically and environmentally sustainable to improve the quality of the tourism experience and thereby increase the number of visitors to Canada.

A.9.2 SUBCATEGORIES

- a) Basic local Infrastructure to support or provide access to tourist facilities;

- b) Community public attractions;
- c) Convention or trade centres;
- d) Exhibition buildings; and
- e) Other tourism Infrastructure that meets the category objectives.

A.9.3 MANDATORY SCREENING CRITERIA

- a) The Business case must demonstrate the Applicant's ability to operate and sustain the resulting Infrastructure;
- b) The resulting Infrastructure must be accessible to persons with disabilities; and
- c) All new buildings must exceed the energy efficiency requirements of the Model National Energy Code for Buildings by at least 25%.

A.10 CATEGORY 9: ENVIRONMENTAL ENERGY IMPROVEMENTS

A.10.1 OBJECTIVE

The objective of this category is to construct, restore or improve Local Government-owned Infrastructure that optimizes the use of energy sources (e.g., in buildings and other installations) and reduces GHG emissions and air contaminants arising from local sources.

A.10.2 SUBCATEGORIES

- a) Retrofits of Local Government-owned buildings;
- b) Energy Systems such as renewable energy, combined heat and power (CHP), cogeneration and district energy; and
- c) Street Lighting.

A.10.3 MANDATORY SCREENING CRITERIA

- a) For retrofits, the Project must meet standards comparable to Natural Resources Canada's residential and commercial retrofit initiatives;
- b) Existing devices (e.g., ventilation, windows, heating, toilets) must be replaced by more energy efficient devices (e.g., Energystar), taking into account local context in Aboriginal and remote communities;
- c) Consideration has been given to the use of alternative sources of electricity, heat and cooling; and
- d) All new buildings must exceed the energy efficiency requirements of the Model National Energy Code for Buildings by at least 25%.

A.11 CATEGORY 10: CONNECTIVITY

A.11.1 OBJECTIVE

The objective of the category is to construct, restore or improve Infrastructure that supports Canada's objective to make broadband access widely available to all communities; to improve the delivery of public services such as e-government, e-health and e-education; to improve the quality of life; and to promote social development, innovation and economic development in Canada's communities.

A.11.2 SUBCATEGORIES

- a) High-speed backbone (transport);
- b) Points of presence (access); and
- c) Local distribution within communities.

A.11.3 MANDATORY SCREENING CRITERIA

- a) The Business case must demonstrate the Applicant's ability to operate and sustain the resulting Infrastructure;
- b) To promote competitiveness, a commercially and technologically neutral and competitive tendering and contracting process has been or will be conducted for the Project;
- c) The Project's proposed solution provides for Third Party open access; and
- d) The publicly-accessible portions of the resulting Infrastructure of the Project must ensure accessibility for persons with disabilities.

A.12 EVALUATION CRITERIA

RANKING CRITERIAS PER CATEGORY OF PROJECTS		Water	Wastewater	Solid Waste	Public Transit	Local Roads	Cultural	Recreation	Tourism	Energy Improvement	Connectivity
Shared criteria	1. Has broad support in the community and supported by a motion of Council.	•	•	•	•	•	•	•	•	•	•
	2. Addresses its impact on the various climate parameters and adapts to the potential risks posed by future climate change.	•	•	•	•	•	•	•	•	•	•
	3. Minimizes impact on climate change by: <ul style="list-style-type: none"> mitigating or reducing GHGs by using renewable energy sources, innovative technologies and practices that increase energy efficiency, or by other mitigation strategies; and cost-effectively minimizing GHG emissions attributable to the Project in both construction and operation. 	•	•	•	•	•	•	•	•	•	•
	4. Fosters alliances between public and private sector and encourages a P3.	•	•	•	•	•	•	•	•	•	•
	5. Uses best practices for technologies and construction.	•	•	•		•					
	6. Improves energy usage and efficiency.	•	•	•							
	7. Features closed-loop resource management (wastewater, biosolids and waste re-use and recycling, power generation derived from treatment process or solid waste, and passive energy sources).	•	•	•							
	8. Reduces or eliminates potential health risks.	•	•								
	9. Is based on a strategy for local water and wastewater management providing for long-term sustainability, including appropriate metering and pricing.	•	•								
	10. Is supported by a business case that addresses: <ul style="list-style-type: none"> demand-management, including water metering and public education; and a sustainable approach to financing that ensures ongoing operation, maintenance and upgrading. 	•	•								
	11. Reduces or eliminates potential impacts or risks associated with disasters.			•	•	•	•	•	•	•	•
	12. Improves transportation system efficiency (e.g., cost per passenger-km, capacity for passenger throughput in corridors).				•	•					
	13. Gives consideration to alternatives to the Project being proposed.				•	•					
	14. Improves transportation and public safety and security.				•	•					
	15. Minimizes other air contaminants from transportation.				•	•					
	16. Improves access to business, employment and educational opportunities for local citizens, including Aboriginal peoples.				•	•					
	17. Promotes the use of innovative technology or processes in transportation, urban or rural, including the use of ITS technologies, where applicable.				•	•					
	18. Is a multi-use or multi-component facility.								•	•	
Water	19. Provides a multi-jurisdictional, multi-sectoral and integrated approach to drinking water that: <ul style="list-style-type: none"> addresses long-term sustainability; includes pricing and integrated watershed management; and includes the concept of Source to Tap. 	•									
Waste water	20. Addresses the management of storm water by, for example, separating wastewater systems from storm water systems.		•								
	21. Diminishes the frequency of sanitary and combined sewer overflows during rainfall.		•								

RANKING CRITERIAS PER CATEGORY OF PROJECTS		Water	Wastewater	Solid Waste	Public Transit	Local Roads	Cultural	Recreation	Tourism	Energy Improvement	Connectivity
Solid waste	22. Proposes a wastewater system that is equivalent in performance to secondary treatment with additional treatment if appropriate.		•								
	23. Reduces waste to disposal and increases waste recycled or composted per capita.			•							
	24. Is based on full cost accounting.			•							
Public transit	25. Increases public transit mode share and ridership.				•						
	26. Implements transportation demand strategies to increase transit ridership or technologies to encourage system efficiency through transferability and integration between modes (e.g., fare and service integration).				•						
	27. Increases efficiency of access to major transportation facilities (e.g., ports, airports, railway stations).				•						
	28. Has been the subject of a cost-benefit analysis, particularly for larger Projects.				•						
Local Roads	29. Considers the impact of the road investment on public transit within the same municipal and rural boundaries, and identifies mitigation strategies as appropriate.					•					
Cultural	30. Is coherent with a sound local cultural strategy.						•				
	31. Contributes to overall community sustainability.						•				
	32. Increases the Applicant's capacity to reach new audiences, and to enhance and diversify its program offerings.						•				
	33. Will have a positive overall impact on the availability of spaces for artistic creation, presentation or innovation, for the preservation and presentation of heritage collections, in a multi-use or multi-component environment.						•				
	34. Complements the local, provincial or national network of cultural Infrastructure for arts and heritage activities.						•				
	35. Benefits other artistic and heritage organizations locally, regionally, provincially, or nationally, and where applicable, internationally.						•				
	36. Contributes to the designation, preservation and renovation of heritage sites.						•				
	37. Is endorsed by arts and heritage communities.						•				
38. Meets all applicable federal/provincial/municipal standards for the use of First Nations residents and Inuit.						•					
Recreation	39. Targets disadvantaged neighbourhoods.							•			
	40. Proposes an Infrastructure for safe and accessible physical activities, sports and recreation that will contribute to the social, personal and economic development of the community.							•			
	41. Ensures that the facility will be used for the broad-based delivery of sports, physical and recreational programs.							•			
	42. Increases public access and participation to the facility or recreational activities.							•			
	43. Provides safe and equitable access to the Project's indoor, outdoor and natural facilities.							•			
	44. Fosters community partnerships to maximize benefits from the Project.							•			
Recreation	45. Designs, if possible, the proposed Infrastructure facility to meet international competitive standards approved by national sport organizations.							•			
	46. Encourages active living and active transportation (bicycle and recreational trails) based on official community plans.							•			

RANKING CRITERIAS PER CATEGORY OF PROJECTS		Water	Wastewater	Solid Waste	Public Transit	Local Roads	Cultural	Recreation	Tourism	Energy Improvement	Connectivity
	47. Encourages, supports and increases opportunities for all, and disadvantaged groups in particular to engage in physical activity.							•			
Tourism	48. Increases the number of tourists visiting the community.								•		
	49. Increases the average length of stay of tourists visiting the community.								•		
	50. Demonstrates a growth-generating impact on the region (in terms of economic spinoffs, complementarity of Infrastructure, attraction of a new clientele, etc).								•		
	51. Proposes tourism facilities that are environmentally sustainable.								•		
	52. Increases the appreciation of the environment through tourism.								•		
	53. Is part of a broader tourism strategy for the local community.								•		
Energy Improvement	54. Reduces GHG, with greater consideration for Projects with larger reductions, and taking into account the cost-effectiveness of the reductions per federal dollar provided.									•	
	55. Increases comfort for occupants of building.									•	
	56. Is supported by the presence of local climate change plan.									•	
	57. Reduces air pollution.									•	
	58. Increases energy efficiency, diversity and security.									•	
	59. In the case of cogeneration and district energy systems: <ul style="list-style-type: none"> • displaces high-GHG energy sources; and • features the cost-competitive use of energy. 									•	
	60. In the case of a building, addresses the use of heating and cooling systems using renewable sources, such as ground-source heat pumps, high-efficiency/low-emission biomass combustion systems, solarwalls (solar pre-heat of fresh ventilation air) and solar hot water systems.									•	
Connectivity	61. Benefits the communities it connects and improves the delivery of public services.										•
	62. Provides points of presence connections to communities that allow for reasonable subscriber rates for their residents and businesses.										•
	63. Improves the quality, accessibility and effectiveness of e-health.										•
	64. Ensures that technological solutions are appropriate, available, and scaleable for future needs.										•
	65. Will benefit from private-sector investment and involvement in managing and operating the network.										•
	66. Meets the needs of minority and indigenous cultures and languages.										•
	67. Encourages the involvement of Aboriginal businesses.										•

SCHEDULE “A-1” – MCB PROJECT REVIEW AND SELECTION FRAMEWORK

A-1.1 PROGRAM OBJECTIVES

A-1.1.1 To encourage the use of integrated asset management by small-scale Canadian municipalities, the MCB component will be based on the following strategic objectives:

- a) promote the implementation of holistic approaches to public infrastructure planning and management;
- b) encourage a culture of using asset management as a decision-making approach;
- c) promote the integration of demand management in public infrastructure planning and management; and
- d) encourage dissemination of project results to other municipalities.

A-1.1.2 PROGRAM OUTCOME

The proposed outcome of the MCB component is to improve the capacity of municipalities to implement modern and innovative life-cycle management plans for their infrastructure assets (inventory, modern management plans).

A-1.2 PROJECT CATEGORIES

MCB Projects will be those that promote MCB’s strategic objectives by satisfying one or more of the eligible Project categories below.

A-1.2.2 ASSET MANAGEMENT APPROACHES:

- a) Knowledge of their Infrastructure assets (e.g. inventory and location, book value, condition, expected residual life).
- b) Determination of life cycle costs associated with Infrastructure that is owned, leased and operated (e.g. maintenance, repairs, rehabilitation over the life cycle).
- c) Demonstration of the use of innovative or adapted methodologies and/or technologies to support and enhance decision-making, reduce maintenance costs, and/or increase longevity of infrastructure assets.

A-1.2.3 DEMAND MANAGEMENT APPROACHES AND STRATEGIES:

- a) Assessment and implementation of demand management strategies and approaches (user fees, regulations) to meet the needs of municipalities or groupings of municipalities, such as
- b) Benchmarking;
- c) Establishing trends and developing corrective measures;
- d) Incentives (e.g., user fees, regulation, public buy-in and involvement);
- e) Least cost and optimization analyses; and
- f) Alternatives to new capital investment.
- g) Assessment of capacity in terms of operation and functionality of the existing

or future Infrastructure.

- h) Establishment of minimum levels of service (e.g. considering health and safety, security, functionality, risk assessment, affordability, social expectations), which support planning and decisionmaking.
- i) Identification of actual requirements for the public Infrastructure of growing communities with the purpose of preventing over-development.

A-1.2.4 TRAINING:

- a) Training to ensure that the knowledge and the tools developed can be maintained on a long-term basis by the proponent.
- b) Training at various levels (technical, administrative, elected officials) on asset management processes, benefits, tools, etc.
- c) Training on the technologies that are appropriate to the size and geographical location of communities, and that support integrated asset management.

A-1.2.5 Eligible Applicants will be encouraged, where appropriate, to use existing commercially available tools.

A-1.3 ELIGIBLE APPLICANTS AND RECIPIENTS

A-1.3.1 Eligible Applicants under the MCB component will be Canadian and include:

- a) municipalities;
- b) municipal agencies;
- c) a combination or a grouping of municipalities;
- d) inter-municipal agencies; or
- e) municipal associations.

A-1.3.2 There is no minimum threshold for project size under the MCB component.

A-1.3.3 At least 80% of the total federal contribution to each jurisdictional recipient will have to be committed to projects in areas served by local governments, having a population of less than 250,000. The basis for determining which areas are included and which Projects are eligible will be data provided by the 2003 Census data as collected by Statistics Canada.

A-1.3.4 Federal and provincial entities in the form of departments, corporations and agencies are not eligible applicants under the MCB component.

A-1.4 PROJECT SCREENING CRITERIA

A-1.4.1 To be eligible for funding, a MCB Project must:

- a) Fall within one of the applicable MCB Project categories hereunder, be consistent with the objectives of the category and directly related to one of its subcategories and meet its mandatory screening criteria;
- b) Be supported by a business case that is comprehensive, credible and feasible and meets the requirements of the Canada – Prince Edward Island Business Case Guideline;
- c) Stipulate a completion date of no later than March 31, 2010;

- d) Be duly authorized or endorsed by a resolution of the Applicant's Council or Board of Directors and, in the case of a non-governmental Applicant, also by a resolution of the municipal Council where the Infrastructure is proposed to be located; and
- e) Meet the requirements of all applicable federal and provincial legislation.

A-1.5 PROJECT RANKING

The Management Committee will be responsible for ranking MCB Projects. The Management Committee will rank the MCB Projects against the Project Objectives, Project Categories, Eligible Applicants and Recipients and Project Screening Criteria.

SCHEDULE “B” – ELIGIBLE AND INELIGIBLE COSTS

B.1 ELIGIBLE COSTS

B.1.1 Eligible Costs are all direct costs, which:

- a) In Canada’s opinion, are properly and reasonably incurred;
- b) Are paid by a Recipient and no other person; and
- c) Are paid under a Contract for goods or services necessary for the implementation of a Project.

B.1.2 Eligible Costs may only include:

- a) The costs incurred after the signing of this Agreement.
- b) The capital costs of acquiring, constructing or renovating a fixed capital asset;
- c) The fees paid to professionals, technical personnel, consultants and contractors specifically engaged to undertake the surveying, design, engineering, manufacturing or construction of a Project Infrastructure asset and related facilities and structures;
- d) The costs of environmental assessments and follow-up programs as required by the *Canadian Environmental Assessment Act*;
- e) The costs of any public announcement and official ceremony, or of any temporary or permanent signage; and
- f) Other costs that are direct and necessary for the successful implementation of a Project and that have been approved in advance and in writing by the Management Committee.

B.2 INELIGIBLE COSTS

B.2.1. Notwithstanding any other provision in this Schedule other than B.2.2, costs related to the following are not eligible:

- a) Costs incurred before the signing of this Agreement;
- b) Services or works that, in the opinion of the Management Committee, are normally provided by the Recipient or a related party;
- c) Salaries and other employment benefits of any employees of the Recipient;
- d) A Recipient’s overhead costs, its direct or indirect operating or administrative costs and, more specifically costs related to planning, engineering, architecture, supervision, management and other activities normally carried out by the Recipient’s staff;
- e) Costs of feasibility and planning studies;
- f) Taxes for which the Recipient or a Third Party is eligible for a tax rebate, and all other costs eligible for rebates;
- g) Costs of land or any interest therein, and related costs;
- h) Financing charges and interest costs;
- i) Cost of leasing of equipment by the Recipient;
- j) Legal fees; and

k) Routine repair and maintenance costs.

B.2.2 The cost of the Recipient's employees or equipment may be included in its Eligible Costs if:

- a) The Project is located in a rural or isolated community governed by a Local Government;
- b) The Recipient satisfies the Management Committee that it is not economically feasible to tender a Contract;
- c) Employees or equipment are employed directly in respect of the work that would have been the subject of the Contract; and
- d) Approved in advance and in writing by the Management Committee.

B.3 MCB ELIGIBLE COSTS

B.3.1 MCB Eligible Costs, are all direct costs which:

- a) In Canada's opinion, are properly and reasonably incurred;
- b) Are paid by an Recipient and no other person; and
- c) Are paid under a Contract for goods or services necessary for the implementation of a Project.

B.3.1.2 MCB Eligible Costs may only include incremental costs of the MCB component including:

- a) the costs incurred after the signing of the Agreement;
- b) the costs of any public announcement and official ceremony, or of any temporary or permanent signage related to integrated asset management initiatives;
- c) the costs of software acquisition and implementation related to integrated asset management initiatives;
- d) the costs of planning, evaluation, development and feasibility studies related to integrated asset management initiatives;
- e) the costs of travel and training related to integrated asset management initiatives;
- f) the costs of salaries and other employee benefits of employees of the Recipient engaged in integrated asset management initiatives;
- g) the costs of adapting methodologies and technologies for the implementation of an integrated asset management system;
- h) the costs of surveying, developing and utilizing an inventory that promotes integrated asset management; and
- i) other costs that are direct and necessary for the successful implementation of a project and that have been approved in advance, and in writing, by the Management Committee.

B.4 MCB INELIGIBLE COSTS

B.4.1 Notwithstanding any other provision in section B.3 or B.4, costs related to the following are not eligible:

- a) costs incurred before the signing of this Agreement;
- b) services or works that, in the opinion of the Management Committee, are normally provided by the Recipient or a related party;
- c) the costs of planning, evaluation, development and feasibility studies except for those related to integrated asset management initiatives;
- d) taxes for which the Recipient or a Third Party is eligible for a tax rebate, and all other costs eligible for rebates;
- e) costs of land or any interest therein, and related costs;
- f) financing charges and interest costs;
- g) cost of leasing of equipment by the Recipient;
- h) legal fees; and
- i) routine repair and maintenance costs.

SCHEDULE “C” – PROTOCOL FOR SMALL PROJECTS

C.1 DEFINITIONS

“**Small Project**” means an Infrastructure Project whose total Eligible Costs does not exceed \$100,000.

C.2 GUIDING PRINCIPLES

- C.2.1 The Parties recognize that Small Projects are of significant benefit to the fabric of Prince Edward Island.
- C.2.2 These Small Projects will impact a number of small communities and applicants with limited resources.
- C.2.3 Applications for Small Projects are expected to be received from across the province and will benefit communities whose Project would not otherwise proceed.
- C.2.4 As with other Projects to be funded under this Agreement, Small Projects will have strong social benefits, respect environmental needs, improve the quality of life for residents of the province, and be for a public purpose.