

CANADA – NUNAVUT
MUNICIPAL RURAL INFRASTRUCTURE FUND AGREEMENT
2005-2012

This Agreement made as of August 3, 2005

BETWEEN: **HER MAJESTY IN RIGHT OF CANADA**, (“Canada”) represented by the Minister of State (Infrastructure and Communities) (“Federal Minister”) and the Minister of Indian Affairs and Northern Development

AND: **THE GOVERNMENT OF THE TERRITORY OF NUNAVUT** (“Nunavut”) represented by the Minister of Community and Government Services (“Territorial Minister”).

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 of 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, the 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 Nunavut recognize that Local Governments and the non-governmental sector are working together to determine the community public infrastructure required to enhance the quality of life of Canadians;

Canada and Nunavut 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 Nunavut, through this “Municipal Rural Infrastructure Fund Agreement” (Agreement), intend to build upon and improve ICP by:

- a joint Canada-Nunavut Application process;
- a long-range infrastructure planning process with the Nunavut Association of Municipalities; and
- a framework to guide Project selection by leveraging governmental contributions to generate greater public benefits, including the reduction of man-made greenhouse gases as stated in the Kyoto Protocol.

The Executive Council, on June 23, 2005, has authorized the Minister of Community and Government Services to enter into this Agreement on behalf of the Government of Nunavut;

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

NOW THEREFORE, in accordance with the principles set out above, Canada and Nunavut 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-Nunavut contribution agreement.

“**Applicant**” means:

- a) a Local Government, or its agent which may include Nunavut as represented by the Minister responsible for Community and Government Services or a corporation that is wholly-owned by the Local Government, 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 the applicable Local Government; or
- c) Qulliq Energy Corporation where it is an Applicant in respect of a Project relating to a community power utility project, and Nunavut Housing Corporation, where it is a Project relating to community social housing, provided that:
 - i) Qulliq Energy Corporation or the Nunavut Housing Corporation, as the case may be, is acting and proposed to act in accordance with its enabling legislation; and
 - ii) The Application is supported by a resolution from the applicable Local Government;

but does not include departments, ministries and agencies of Canada or Nunavut, and federal or territorial departmental corporations or Crown corporations, save as specifically defined in (a) and (c) above.

“**Application**” means a request for funding by an Applicant submitted in accordance with the Canada-Nunavut 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 Nunavut and a Recipient, other than Nunavut, whereby Nunavut agrees to contribute financially to an approved Project.

“**Eligible Costs**” means Project costs eligible for funding in accordance with Schedule B.

“**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 municipal corporation in the Territory of Nunavut as defined in the *Hamlets Act*, RSNWT, 1988, c. H-1 or in the *Cities, Towns and Villages Act*, RSNWT, 1988, c. C-8.

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

“**MCB**” means the municipal capacity building component of MRIF as set out in Schedule A-1.1.

“**MCB Applicant**” means

- a) a municipality;
- b) municipal agencies, including the NCIAC;
- 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 Nunavut, and federal or provincial departmental corporations or Crown corporations.

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

“**Ministers**” means the federal Minister and the territorial Minister.

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

“**Municipal Taxing Authority**” means a city, town or village established under the *Cities, Towns and Villages Act*, RSNWT, 1988, c. C-8 or the *Hamlets Act*, RSNWT, 1988, c. H-1 that has been designated as a municipal taxing authority pursuant to s. 108 of the *Property Assessment and Taxation Act* (Nunavut), RSNWT 1988, c. P-10.

“**Non-tax-based Community**” means the area within the boundaries of a Local

Government that is not a Municipal Taxing Authority.

“Nunavut Community Infrastructure Advisory Committee (NCIAC)” means a committee comprised of representatives from the Nunavut Association of Municipality and Nunavut that is responsible for developing long-range infrastructure plans for all community infrastructure requirements funded by Nunavut.

“Nunavut’s Nunavummi Nangminiqaqtunik Ikajuuti Policy (NNI Policy)” means the Nunavut policy, pursuant to Article 24 of the Agreement Between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada, May 25, 1993, to provide reasonable support and assistance to Inuit firms to enable them to compete for government contracts.

“Parties” means Canada and Nunavut.

“Party” means either one of Canada or Nunavut.

“Project” means

- a) a local Infrastructure Project, excluding the Infrastructure’s maintenance and operation that is the subject of an Application; or
- 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.

“Tax-based Community” means the area within the boundaries of Local Government that is a Municipal Taxing Authority.

“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 MRIF, which may have been made by the Parties either orally or in writing prior to the date hereof, 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 Costs and Ineligible Costs; and
- d) Schedule C, Nunavut as Recipient.

1.4 GUIDELINES

The following Canada–Nunavut 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 shall 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. 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 Nunavut, which is made possible by Canada's contribution, together with Nunavut'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 funded under this Agreement:

- 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 \$16,000,000 (100% of funds allocated to Nunavut) as set out in Section 3.3, up to three percent (3%) of which Canada agrees to pay to Nunavut for 50% of the direct expenses incurred by it, after the execution, and solely for the administration of this Agreement; and
 - ii) Nunavut will equal the total amount contributed by Canada less the amount paid by it to Nunavut for direct expenses under subsection i).
- b) The Parties agree that, by the end of the Agreement, Canada's total financial contribution under this Agreement for all approved local Infrastructure Projects in Tax-based Communities will not exceed one-third (1/3) of the total of the Eligible Costs incurred by all approved local Infrastructure Projects within these communities, and that Nunavut's total financial contribution will be at least one-third

of the total Eligible Costs incurred by all approved local Infrastructure Projects within these communities. The total contribution by Canada to an individual local Infrastructure Project in a Tax-based Community may be higher than one-third (1/3) but may not exceed fifty percent (50%) of its total Eligible Costs.

- c) The Parties agree that, by the end of the Agreement, Canada's total financial contribution under this Agreement for all approved local Infrastructure Projects in Non-tax-based Communities must not exceed one-half (1/2) of the total Eligible Costs incurred by all approved local Infrastructure Projects within these communities. The total contribution by Canada to an individual local Infrastructure Project in a Non-tax-based Community may not exceed fifty percent (50%) of its total Eligible Costs.
- d) The total contribution by the Parties to a Project may not exceed 100% of its total Eligible Costs.
- e) The Parties agree to dedicate up to one percent (1%) of each Party's total financial contribution to MCB Projects. By the end of this Agreement, Canada's total financial contribution under this Agreement for all approved MCB Projects will not exceed one-third (1/3) of the total Eligible Costs incurred by all approved MCB Projects. The total contribution by Canada to an individual MCB Project may be higher than one-third (1/3), but may not exceed fifty percent (50%) of its total Eligible Costs.

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 of the Parties will be allocated notionally as follows:

Fiscal Year	Nunavut	Canada
2005-2006	\$1,000,000	\$1,000,000
2006-2007	\$4,000,000	\$4,000,000
2007-2008	\$5,000,000	\$5,000,000
2008-2009	\$4,000,000	\$4,000,000
2009-2010	\$2,000,000	\$2,000,000
TOTAL	\$16,000,000	\$16,000,000

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, the aggregate list of approved Projects

and a forecast of the number and type of Projects recommended 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, the following targets will be met:

- a) At least forty percent (40%) will have been committed to Green Projects;
- b) At least 90% will have been committed to Projects implemented by Recipients other than the City of Iqaluit.

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. Nunavut 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 Nunavut. 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 Nunavut ("Territorial 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 Nunavut-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 Recipients, Projects, financial cash flows and other information; and
- b) Nunavut 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

Nunavut will consult Local Governments through the Nunavut Community Infrastructure Advisory Committee (NCIAC). The NCIAC will:

- a) Consult with Local Governments and help develop community infrastructure plans;
- b) Draw upon the advice and services of a Technical Planning Secretariat in establishing criteria, priorities and requirements;
- c) Recommend ranking and funding criteria for community infrastructure; and
- d) Recommend to the Management Committee priority projects for MRIF funding.

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) Assessing, ranking, and recommending Applications for approval by Ministers;
- c) Entering into and recording Contribution agreements;
- 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 electronically with the Parties or by submitting a paper copy to:

Canada-Nunavut MRIF Joint Secretariat
Community and Government Services
P.O. Box 1000 – Station 700
Iqaluit, Nunavut
X0A 0H0

- 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 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 what requirements the Project fails to meet, and
- 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 Applicant 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.

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 set out in the initial Contribution agreement;
- b) A request for an amendment to a Contribution agreement, or a change to any approved Project where the Recipient is Nunavut, as agent for a Local Government, 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 Nunavut. If a Recipient fails to comply with the provision, Nunavut will notify the Committee, which will recommend a course of action.
- c) Nunavut 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 - Nunavut 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 Nunavut policies.

5. PROJECT IMPLEMENTATION

5.1 TIMELY FASHION

Nunavut agrees to enforce all terms and conditions of Contribution agreements, save for breaches of Contribution agreements that, both Nunavut 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.

5.3 NUNAVUT AS RECIPIENT

Where Nunavut is a Recipient, the provisions of Schedule C shall apply.

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 the Government of Nunavut's Nunavummi Nangminiqagtunik Ikajuuti Policy (NNI Policy), May 26, 2005, as revised.
- 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 the Parties 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 Nunavut 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

The Parties agree to ensure that the assets resulting from the Project are used, maintained and operated for a reasonable period of time after the completion of the Project, as required in the Contribution agreement or, in the case of a Project where Nunavut is a Recipient, in accordance with the terms of the approval. The Management Committee will determine, on a Project-by-Project basis, what period of time will be considered reasonable that the Project will be used, maintained and operated after its completion.

6.6 INFRASTRUCTURE DISPOSAL

Nunavut 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;*
- 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 under the terms of this Agreement, other than to Canada, Nunavut, a Local Government, or a Crown corporation of Nunavut that is the latter's agent for the purpose of implementing this Agreement, the Recipient hereby undertakes to repay Canada, on demand, a proportionate amount of the funds contributed by Canada, 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 as soon as practicable, of any

transaction triggering the above-mentioned repayment of which the Party become aware.

7. CLAIMS AND PAYMENTS

7.1 PAYMENTS

Nunavut 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 shall 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 dispute in law regarding this Agreement will be submitted to the Nunavut Court of Justice.

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

Nunavut 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 annually in accordance with the Canada-Nunavut Reporting-Audit-Evaluation Guideline; and
- b) In addition, Canada, at its expense, may audit all accounts, records, and claims for reimbursement relating to this Agreement and may undertake reviews of the Parties' administrative, financial and claim certification processes and procedures to ensure compliance with this Agreement.

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 Nunavut on the design of the evaluation framework.

- b) Evaluation by the Parties

Nunavut agrees to participate with Canada in conducting prospective and retrospective evaluations of the MRIF program 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, Nunavut 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–Nunavut 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 shall be approved after December 31, 2008.

11.4 SURVIVAL

The Parties' rights and obligations set out in Sections 3.8, 5.1, 5.2, 6.2, 6.3, 6.4, 6.5, 6.6, 7.2, 7.3, 8.4, 9.1, 9.2, 9.3, 11.1, 11.6, 11.13, Schedule C, and any other section which is

required to give effect to the termination or to its consequences shall survive the expiry or early termination of this Agreement.

11.5 GOVERNING LAW

This Agreement is governed by the laws applicable in Nunavut.

11.6 DEBTS DUE TO CANADA

Any amount owed to Canada under this Agreement will constitute a debt due to Canada, which Nunavut will reimburse forthwith, on demand, to Canada.

11.7 NO BENEFIT

No member of the House of Commons or of the Senate of Canada shall 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 Nunavut or between Canada, Nunavut 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 an 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 Nunavut will take reasonable steps to ensure that all Contribution agreements and Contracts between Nunavut and a Recipient or a Third Party contain provisions to that effect.

11.10 COUNTERPART SIGNATURE

This Agreement may be signed in counterpart, and the signed copies shall, 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 shall 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 of the

Contribution agreement is found to be or becomes invalid or unenforceable, in whole or in part, it shall be deemed to be severable and shall be deleted from this Agreement, but all the other terms and conditions of this Agreement shall continue to be valid and enforceable.

11.13 LOBBYISTS AND AGENT FEES

Nunavut 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 Nunavut 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 agree to be bound to the Guidelines as the Parties may, from time to time, amend them provided that no amendment will unreasonably expand the obligations of either Party under the Guidelines or impose on 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 shall be effectively given if delivered or sent by letter, postage or other charges prepaid. Any notice that is delivered shall have been received on delivery; and any notice mailed shall 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

Regional Director General, Nunavut Region
Indian and Northern Affairs Canada
P.O. Box 2200
Iqaluit, Nunavut
X0A 0H0

Any notice to Nunavut will be addressed to:

Deputy Minister
Community and Government Services
P.O. Box 1000 – Station 700
Iqaluit, Nunavut
X0A 0H0

Each Party may change the address, which it has stipulated by notifying in writing the other Party 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 Indian Affairs and Northern Development, and on behalf of Nunavut by the Minister of Community and Government Services.

GOVERNMENT OF CANADA
Original signed by:

GOVERNMENT OF NUNAVUT
Original signed by:

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

The Honourable Levinia Brown
Minister of Community and Government
Services

The Honourable Andy Scott
Minister of Indian Affairs and Northern
Development

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 the category, 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–Nunavut Business Case Guideline;
- f) Stipulate a construction completion date of no later than March 31, 2010;
- g) Be duly authorized or endorsed by:
 - iii) a resolution of the Applicant’s council; or
 - iv) in the case of a non-governmental Applicant, by its Board of Directors and 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 territorial legislation.

A.1.2 NON-ELIGIBLE PROJECTS

- a) Projects dealing mainly with assets owned by Canada or Nunavut 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;
- b) Drinking water treatment systems; and
- c) Drinking water distribution systems.

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 territorial 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) The components of the resulting Infrastructure, which will be in direct contact with drinking water, must all conform to ANSI/NSF 61; and
- d) 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 case must provide for alternative strategies for recovery.

- A.2.4 The Parties acknowledge that this Project category requires additional research in order to ensure that realizing the MRIF objectives for drinking water reflect technical realities in Nunavut. Once the results of this research have been considered and, if necessary, additional authorities obtained, Nunavut may present a proposed amendment to this schedule, which Canada agrees to consider in good faith, and if Canada is in agreement with the proposed amendment, and any required internal approvals are obtained, the Parties may amend the Agreement accordingly.

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 and combined sewer systems; and
- b) Separate storm water systems.

A.3.3 MANDATORY SCREENING CRITERIA

- a) The Project will reduce effluent contaminants, including toxics, in wastewater treatment plant output.
- 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 case must provide for 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 case 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, supports tourism and commerce, promotes social and economic development of local areas, and helps 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 applicable transportation and land use plans of Nunavut, the region or Local Governments;
- b) The Project must be consistent with Canada's objectives in respect of sustainable growth, competitiveness and climate change; and
- 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 to 10 year horizon;
 - iii) demonstration of the 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/territorial legislative and regulatory obligations; and
 - vi) demonstration of the accessibility provisions for persons with disabilities where applicable.

A.6 CATEGORY 5: LOCAL ROADS

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, and 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, access roads, bridges and tunnels within local boundaries; and
- 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 applicable transportation, land use and comprehensive community plans of Nunavut, the region or municipality;
- b) The Project must be consistent with Canada's objectives in respect of sustainable growth, competitiveness and climate change; and
- 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 to 10 year horizon;
 - iii) demonstration of the 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/territorial 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 arts museum);
- 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.7.4 The Parties acknowledge that this Project category requires additional research in order to ensure that realizing the MRIF objectives for the energy efficiency requirements of new buildings reflect technical realities in Nunavut. Once the results of this research have been considered and, if necessary, additional authorities obtained, Nunavut may present a proposed amendment to this schedule, which Canada agrees to consider in good faith, and if Canada is in agreement with the proposed amendment, and any required internal approvals are obtained, the Parties may amend the Agreement accordingly.

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.

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 plan 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.8.4 The Parties acknowledge that this Project category requires additional research in order to ensure that realizing the MRIF objectives for the energy efficiency requirements of new buildings reflect technical realities in Nunavut. Once the results of this research have been considered and, if necessary, additional authorities obtained, Nunavut may present a proposed amendment to this schedule, which Canada agrees to consider in good faith, and if Canada is in agreement with the proposed amendment, and any required internal approvals are obtained, the Parties may amend the Agreement accordingly.

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.9.4 The Parties acknowledge that this Project category requires additional research in order to ensure that realizing the MRIF objectives for the energy efficiency requirements of new buildings reflect technical realities in Nunavut. Once the results of this research have been considered and, if necessary, additional authorities obtained, Nunavut may present a proposed amendment to this schedule, which Canada agrees to consider in good faith, and if Canada is in agreement with the proposed amendment, and any required internal approvals are obtained, the Parties may amend the Agreement accordingly.

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.10.4 The Parties acknowledge that this Project category requires additional research in order to ensure that realizing the MRIF objectives for the energy efficiency requirements of new buildings reflect technical realities in Nunavut. Once the results of this research have been considered and, if necessary, additional authorities obtained, Nunavut may present a proposed amendment to this schedule, which Canada agrees to consider in good faith, and if Canada is in agreement with the proposed amendment, and any required internal approvals are obtained, the Parties may amend the Agreement accordingly.

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 RANKING CRITERIA

RANKING CRITERIA 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.	•	•	•	•	•	•	•	•	•	•	
	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 demand 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.	•	•	•	•	•	•	•	•	•	•	•

RANKING CRITERIA PER CATEGORY OF PROJECTS		Water	Wastewater	Solid Waste	Public Transit	Local Roads	Cultural	Recreation	Tourism	Energy Improvement	Connectivity
	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. 	•									
Wastewater	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.		•								
	22. Proposes a wastewater system that is equivalent in performance to secondary treatment with additional treatment if appropriate.		•								
Solid waste	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.						•				

RANKING CRITERIA PER CATEGORY OF PROJECTS		Water	Wastewater	Solid Waste	Public Transit	Local Roads	Cultural	Recreation	Tourism	Energy Improvement	Connectivity
	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, territorial or national network of cultural Infrastructure for arts and heritage activities.						•				
	35. Benefits other artistic and heritage organizations locally, regionally, territorially, 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/territorial/municipal standards for the use of First Nations residents and Inuit.						•				
Recreation	39. Targets disadvantaged neighborhoods.							•			
	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.							•			
	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.							•			
	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.								•		

RANKING CRITERIA PER CATEGORY OF PROJECTS		Water	Wastewater	Solid Waste	Public Transit	Local Roads	Cultural	Recreation	Tourism	Energy Improvement	Connectivity
	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 the building.									•	
	56. Is supported by the presence of a 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 the 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:
 - i) Benchmarking;
 - ii) Establishing trends and developing corrective measures;
 - iii) Incentives (e.g., user fees, regulation, public buy-in and involvement);
 - iv) Least cost and optimization analyses; and

- v) Alternatives to new capital investment.
- b) Assessment of capacity in terms of operation and functionality of the existing or future Infrastructure.
- c) Establishment of minimum levels of service (e.g. considering health and safety, security, functionality, risk assessment, affordability, social expectations), which support planning and decisionmaking.
- d) 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, including NCIAC;
- 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 2001 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, 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–Nunavut 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 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 an Infrastructure Project 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) The Recipient’s overhead costs, its direct or indirect operating or administrative costs and, more specifically its 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 incremental costs of the Recipient's employees or equipment may be included in its Eligible Costs if:

- a) The Recipient is a rural or isolated 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) The costs are 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 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.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 community 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, 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” – NUNAVUT AS RECIPIENT

Where Nunavut is a Recipient, Nunavut acknowledges and agrees that the Project will be subject to the terms and conditions of this Agreement and, further, Nunavut agrees that:

- C.1 It will begin its Project within six months of the date of approval, failing which it may be terminated by Canada.
- C.2 It will adhere to and comply with all Management Committee guidelines and policies developed from time to time including, without limitation, reporting on the implementation and evaluation of the approved Project, submitting claims and recording of claims and payments.
- C.3 It will abide by the provisions of Section 6 above, in respect of the approved Project.
- C.4 It will maintain proper and accurate accounts and records of the Project and that all such accounts and records will be available to Canada for inspection at all reasonable times.
- C.5 Canada may monitor and gather data in respect of the Project and perform audits as it sees fit.
- C.6 It will complete the approved Project fully and in a timely manner.
- C.7 It will use SIMSI, in respect of the approved Project.
- C.8 Canada and its officers, servants, employees, or agents is 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 approved Project;
 - c) The ongoing operation, maintenance and repair of the Infrastructure resulting from the Project; and
 - d) Any omission or other wilful or negligent act of the Nunavut, a Third Party, their respective employees, officers, servants or agents.
- C.9 Unless otherwise agreed to by the Parties, Nunavut will retain title to, and ownership of, the Infrastructure resulting from the Project for at least ten (10) years after Project completion;
- C.10 In the event that, at any time within ten (10) years from the date of completion of the Project, Nunavut 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 under the terms of this Agreement, other than to Canada or the Local Government for whom Nunavut acted as agent, Nunavut hereby undertakes to repay Canada, on demand, a proportionate amount of the funds contributed by Canada, as follows:

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

At any time during the ten (10) years following the date of completion of the Project, Nunavut agrees to notify the Canada in writing as soon as practicable, of any transaction triggering the above-mentioned repayment of which Nunavut becomes aware.