

**NEW DEAL FOR CITIES AND COMMUNITIES
NOUVEAU PACTE POUR LES VILLES ET LES COLLECTIVITÉS**

**FUNDING AGREEMENT -
TRANSFER OF FEDERAL GAS TAX REVENUES UNDER THE
NEW DEAL FOR CITIES AND COMMUNITIES**

made as of the _____ day of _____ 20__.

BETWEEN:

HER MAJESTY THE QUEEN in right of The Province of Saskatchewan
("Saskatchewan"),
represented by the Minister of Government Relations ("Provincial Minister")

OF THE FIRST PART

- and -

the «municipality_type» of «municipality_descr»
in the Province of Saskatchewan ("Municipality")

OF THE SECOND PART

WHEREAS HER MAJESTY IN RIGHT OF CANADA ("Canada"), represented by the Minister of State (Infrastructure and Communities) ("Federal Minister") and Saskatchewan entered into an agreement respecting the Transfer of Federal Gas Tax Revenues under the New Deal for Cities and Communities 2005 – 2015 dated August 23, 2005 ("New Deal Agreement"); and

WHEREAS Canada and Saskatchewan wish to cooperate for the purpose of advancing the environmental, economic, cultural and social sustainability and prosperity of cities and communities in Saskatchewan; and

WHEREAS Saskatchewan agrees to administer the New Deal Agreement on behalf of Canada and allocate to Municipalities the Funds provided by Canada under the New Deal Agreement for the purposes described in the New Deal Agreement; and

WHEREAS the Parties agree that Funds allocated to Municipalities are for the purpose of investment in environmentally sustainable municipal infrastructure and municipal capacity building projects in Saskatchewan; and

WHEREAS the Municipality agrees to invest the Funds in Eligible Costs incurred for Eligible Projects and that Funds are to be incremental to infrastructure expenditures by Municipalities from their own sources; and

WHEREAS the Parties agree to working collaboratively toward achieving, by the end of the New Deal Agreement, demonstrable progress with respect to enhanced community sustainability; and

WHEREAS the Municipality has submitted an Infrastructure Investment Plan(s) (IIP) to Saskatchewan that meets the requirements of the New Deal Agreement and this Funding Agreement and it has been accepted by the New Deal Secretariat.

THEREFORE the Parties agree as follows:

1. INTERPRETATION

1.1 Definitions

“Canada” means the Federal Minister or his delegates.

“Capital Cost” means (as defined and determined by the Generally Accepted Accounting Principles which are in effect in Canada, including those published in the handbook of the Canadian Institute of Chartered Accountants) the cost of acquiring, constructing or renovating a capital asset.

“Capital Investment Plan” means a capital investment plan approved by Municipal Council which describes anticipated investments in capital assets by a Municipality over a five year period, along with a rationale for the selection of these investments.

“Committee” means the New Deal Partnership Committee established pursuant to the New Deal Agreement.

“Contract” means a Contract between either a Municipality, a controlled corporation of a Municipality as defined by the relevant municipal legislation or a non-municipal entity and a Third Party whereby the latter agrees to contribute a product or service to an Eligible Project in return for financial consideration which may be claimed as an Eligible Cost.

“Contracted Professional Fees” are the salaries, fees or remuneration paid to professionals, technical personnel, consultants and contractors specifically contracted to undertake the surveying, design, engineering, manufacturing or construction of an eligible project and related facilities and structures.

“Eligible Costs” means all the direct costs, as further described in Appendix 2, properly and reasonably incurred and paid by a Municipality solely and specifically in respect of Eligible Project(s) included in the Municipality’s IIP(s).

“Eligible Projects” mean environmentally sustainable municipal infrastructure projects and Capacity Building projects.

“Environmentally Sustainable Municipal Infrastructure (ESMI) Projects” means Municipal Infrastructure projects that:

- a) improve the quality of the environment and contribute to reduced greenhouse gas emissions, clean water, or clean air; and
- b) fall within the project categories and subcategories defined in Appendix 1.

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

“Funding Agreement” means an agreement made between Saskatchewan and a Municipality pursuant to which Funds are paid to the Municipality.

“Funds” means federal funds made available pursuant to the New Deal Agreement.

“Ineligible Costs” means costs shown in Appendix 2 as ineligible municipal costs.

“Infrastructure Investment Plan (IIP)” means a plan submitted by the Municipality to Saskatchewan which includes a description of the Eligible Projects for which the Municipality intends to use the Funds and the Outcomes and Benefits the Municipality expects to achieve as a result of the Eligible Projects.

“Ministers” means the Federal Minister and the Provincial Minister.

“Municipal Infrastructure” means Infrastructure owned by a Municipality or Municipalities, either directly or through a controlled corporation, or by a non-municipal entity provided that the Municipality or Municipalities have indicated through formal resolution of Municipal Council that the Infrastructure owned by a non-municipal entity provides direct service to the residents of the Municipality or Municipalities.

“Municipality” means a Municipality as defined in *The Interpretation Act, 1995* (*Saskatchewan*), or any equivalent successor legislation and includes the Saskatchewan portion of the City of Lloydminster.

“New Deal Agreement” means the Canada Saskatchewan Agreement on the Transfer of Federal Gas Tax Revenues under the New Deal for Cities and Communities 2005 – 2015, including the schedules attached thereto.

“New Deal Partnership Committee” means the committee established pursuant to the New Deal Agreement and includes federal, provincial and municipal representatives.

“Regional Benefit” means the demonstrable environmental, economic, social, cultural or recreational benefits provided to neighbouring Municipalities by a Municipality’s Eligible Project.

“**Secretariat**” means the New Deal Secretariat formed by Saskatchewan to administer the New Deal Agreement.

2. ESTIMATED ALLOCATION

2.1 Estimated Allocation of Funds to Municipalities

The estimated allocation of Funds for the Municipality is calculated by dividing the Municipality’s 2001 Statistics Canada Census population by the total 2001 Census population for all Saskatchewan Municipalities and multiplying the resulting quotient by each Fiscal Year amount, in accordance with provisions of the New Deal Agreement.

Saskatchewan will transfer to the Municipality on a conditional basis its respective estimated allocation of Funds, not to exceed the total estimated allocation of Funds of «total_allocation» which is as follows:

Fiscal Year	Estimated Allocation of Funds
2005-06	«allocation_05_06»
2006-07	«allocation_06_07»
2007-08	«allocation_07_08»
2008-09	«allocation_08_09»
2009-10	«allocation_09_10»
Total	«total_allocation»

The Municipality hereby acknowledges that the transfer of Funds to the Municipality is conditional on the Municipality meeting the terms and conditions of this Funding Agreement and the New Deal Agreement.

The Municipality agrees that the Funds provided under this Funding Agreement are to be incremental to infrastructure expenditures by the Municipality from its own sources.

A payment due hereunder is conditional on a legislated appropriation for the Funds in respect of the Fiscal Year for which the payment is due.

2.2 Use of Funds

The Municipality agrees that Funds shall be used only for Eligible Projects as identified in Appendix 1 to the Funding Agreement and solely in respect of Eligible Costs as identified in Appendix 2 of this Funding Agreement.

The Municipality agrees that 20% of its total estimated allocation for the period beginning with Fiscal Year 2005-06 and ending with Fiscal Year 2009-10 will be used for Eligible Projects that produce Regional Benefit; notwithstanding, the Municipality is not required to use any portion of its estimated allocation during the first two Fiscal Years of the New Deal Agreement for Eligible Projects producing Regional Benefit. The conditions under which an Eligible Project produces Regional Benefit are further described in Appendix 3 to this Funding Agreement.

2.3 Limit on Use of Funds

The Municipality agrees that Funds may be used to pay up to 100% of Eligible Costs of an Eligible Project provided that to the extent it is receiving money under an infrastructure program in respect of an Eligible Project to which the Municipality wishes to apply Funds, the maximum federal contribution limitation set out in any infrastructure program contribution agreement made in respect of that Eligible Project shall continue to apply and Funds paid to the Municipality shall be deemed to be a federal contribution under the said agreement.

2.4 Adjustments to Allocations

The New Deal Partnership Committee Co-Chairs, after consulting with the New Deal Partnership Committee, may make adjustments to the estimated allocations to Municipalities which in the opinion of the Co-Chairs are necessary to reflect such events as the establishment of new municipalities, the merging of two or more municipalities, or other structural changes in municipalities.

3. INFRASTRUCTURE INVESTMENT PLAN

3.1 Submission

In order to access its estimated allocation of Funds, the Municipality agrees to submit an IIP(s) to the Secretariat in a format, as determined by Saskatchewan that includes the information consistent with the requirements of the New Deal Agreement. The Municipality will be advised, in writing, of the Secretariat's acceptance of the IIP.

A Municipality may establish access to all or any of the five years of its estimated allocation of Funds under a single IIP or by several IIPs.

A Municipality may accumulate its annual estimated allocation of Funds up until March 31, 2008. If the Municipality has not submitted an IIP by March 31, 2008, the Ministers may after receiving the Committee's advice, redirect the Municipality's allocation for use by other Municipalities for Eligible Projects.

3.2 Adjustments and Termination

The Municipality shall not alter the scope of an IIP without the prior written consent of the Secretariat.

The Municipality shall inform Saskatchewan promptly in writing of any reduction in approved IIP(s) costs or of any additional federal, provincial or municipal assistance to be received with respect to an approved IIP(s), and Saskatchewan shall have the right to adjust the amount of the Funds applicable to that IIP to take into account the amount of any such additional assistance that is to be received.

In the event that the Municipality decides to terminate a project included in an IIP, the Municipality shall advise Saskatchewan, in writing, within 30 days of the termination.

4. PAYMENTS

4.1 Conditions

Payments to the Municipality shall not be made unless:

- a) Saskatchewan is in receipt of Funds from Canada;
- b) the Municipality has submitted an IIP, including any subsequent revisions to the IIP, that meets the requirements of the New Deal Agreement, including all environmental requirements;
- c) the Municipality is in compliance with the terms and conditions of this Funding Agreement and the New Deal Agreement, including all environmental and reporting requirements; and
- d) the Municipality has followed the supplementary payment and reporting guidelines that will be issued by Saskatchewan and provided to the Municipality.

4.2 Timing

With respect to the 2005-06 Fiscal Year estimated allocation, Saskatchewan agrees to pay the Municipality within 60 days of the latter of the two dates respecting the signatures to this Funding Agreement.

Any payment of the Municipality's estimated allocation beyond Fiscal Year 2005-06 will be made by Saskatchewan within 60 days from the date upon which Saskatchewan receives Canada's payments.

4.3 Adjustments

Any payment to a Municipality beyond Fiscal Year 2005-06 will be adjusted in accordance with section 6.3.3 of the New Deal Agreement that requires that the Municipality provide Saskatchewan with information respecting the Eligible Costs incurred by the Municipality for Eligible Projects.

Any estimated allocation of Funds that has not been triggered for payment by March 31, 2010 may be redirected by Ministers, after receiving advice from the Committee, to alternate uses by Municipalities, in accordance with 6.3.4 of the New Deal Agreement.

5. MUNICIPAL REPORTING

5.1 The Municipality shall submit an annual report to Saskatchewan consistent with the requirements of the New Deal Agreement, which may include without limitation the following:

- a) any information necessary for Saskatchewan to report to Canada as required under the New Deal Agreement, including section 7 (Reporting, Audits and Evaluation) and Schedule D (Audit and Reporting);
- b) information respecting the environmental outcomes, including cleaner air, cleaner water and greenhouse gas emission reduction and benefits, including regional benefits, achieved through the use of Funds; and
- c) certification by the Municipality that it is in compliance with the terms and conditions of the Funding Agreement.

5.2 In addition to the above,

- a) any Municipality with a population (Municipality's 2001 Statistics Canada Census) of more than 2,000 shall provide to Saskatchewan information on the Municipality's capital expenditures on Municipal Infrastructure for the five year period of 2000 to 2004 for purposes of subsections 3.2.4 (Incrementality of Funds requirement) of the New Deal Agreement; and
- b) any Municipality with a population (Municipality's 2001 Statistics Canada Census) greater than 5,000 shall also provide to Saskatchewan a five-year Capital Investment Plan by March 31, 2009

5.3 Reports must be in a format and include the content as determined by Saskatchewan, consistent with the requirements of the New Deal Agreement. Supplementary reporting guidelines will be issued by Saskatchewan and provided to the Municipality.

6. MUNICIPAL REQUIREMENTS

As a condition of receiving Funds, municipalities are required to:

6.1 Records and Audit

6.1.1 Keep proper and accurate accounts and records, including invoices, statements, receipts and vouchers in respect of all Eligible Projects for which Funds are received, for at least three (3) years after termination of the New Deal Agreement and, upon reasonable notice, provide access to Canada or Saskatchewan to the accounts and records.

6.1.2 Provide a separate accounting for the Funds received by the Municipality.

- 6.1.3** Permit any authorized representative of Saskatchewan or Canada reasonable access to the Municipality's premises to inspect and assess the progress of the IIP(s) as well as to examine the Municipality's books and records relating to the IIP(s), and to make copies thereof. The Municipality shall promptly provide information or documentation required to clarify any of its books and records.
- 6.1.4** Provide, if requested by Saskatchewan, an audited report of expenditures on the IIP(s), or allow a representative from Saskatchewan or Canada access to its books and records so an audit can be undertaken.

6.2 Investment and Earnings

- 6.2.1** If Funds are paid by Saskatchewan to a Municipality in advance of the Municipality incurring Eligible Costs, invest such Funds in accordance with provincial legislation respecting investments by Municipalities.
- 6.2.2** Ensure that any earnings on Funds invested are used only for the purpose of paying for Eligible Costs incurred with respect to Eligible Projects.

6.3 Projects and Costs

- 6.3.1** Use Funds only for the purpose of paying for Eligible Costs incurred with respect to Eligible Projects.
- 6.3.2** Be responsible for the complete, diligent and timely implementation and completion of the Eligible Projects.
- 6.3.3** Agree that all projects must be completed by March 31, 2010 without exception and that any costs incurred after that date are not Eligible Costs.
- 6.3.4** Agree that any Funds received by the Municipality that are not used for the purpose of paying for Eligible Costs incurred by March 31, 2010 with respect to Eligible Projects shall be a debt due to Saskatchewan by the Municipality.
- 6.3.5** Agree that the Municipality is responsible for cost overruns if the actual total cost of the approved IIP(s) exceeds the Municipality's estimated total allocation of Funds.

6.4 Holdback

- 6.4.1** Acknowledge that Saskatchewan may, without limiting any of the remedies available to Saskatchewan, withhold payment to the Municipality, reduce payments to the Municipality, or demand the return of any payment or part thereof, if the Municipality does not comply with the terms and conditions of this Funding Agreement. Any payment or part thereof demanded by Saskatchewan and not returned by the Municipality shall be a debt due to Saskatchewan.

6.5 Communication

- 6.5.1** Comply with the Communications Protocol contained in the New Deal Agreement.

6.6 Legislative/Environmental Compliance and Licensing

- 6.6.1** Comply with all legislated environmental assessment requirements and commit that no Funds will be expended on Eligible Projects until all environmental assessment and legislative requirements have been met.
- 6.6.2**
- a) Disclose any environmental issues or concerns relating to the project(s) that are applicable to the Canadian Environmental Assessment Act and the Environmental Assessment Act (Saskatchewan).
 - b) Agree that all certificates, consents, permits, licenses and approvals required for compliance with applicable legislation have been or will be obtained; that the Municipality will otherwise comply with the requirements of such legislation; and will comply with any mitigating measures identified through the environmental assessment process.
 - c) Agree that failure to implement any mitigating measures identified through the environmental assessment process shall constitute an Event of Default.
- 6.6.3** Obtain all necessary licenses, permits, and approvals required for the approved IIP(s) by applicable legislation, regulations and by-laws.
- 6.6.4** Agree that the Municipality shall comply with all applicable labour and human rights legislation.

6.7 Ownership

- 6.7.1** Retain title to, and ownership of, the Municipal Infrastructure resulting from the eligible project for at least ten (10) years after project completion.
- 6.7.2** In the event that, at any time within ten (10) years from the date of completion of the project, the Municipal Infrastructure resulting from an Eligible Project, any asset constructed, rehabilitated or improved, in whole or in part with Funds contributed under the terms of the New Deal Agreement, is sold, leased, encumbered or otherwise disposed of other than to Canada, Saskatchewan, a Crown corporation of Saskatchewan, another Municipality or Municipalities, or a corporation controlled by Municipality or Municipalities, the Municipality in receipt of Funds hereby undertakes to repay Saskatchewan, on demand, a proportionate amount of the Funds contributed by Saskatchewan on behalf of Canada as follows:
- a) Infrastructure disposed of within 2 years of eligible project completion:
Municipality repays 100% of the Funds;
 - b) Infrastructure disposed of between 2 and 5 years of eligible project completion:
Municipality repays 55% of the Funds; and

- c) Infrastructure disposed of between 5 and 10 years of eligible project completion: Municipality repays 10% of the Funds.

6.7.3 The Municipality agrees to notify Saskatchewan in writing as soon as practicable of any transaction triggering the above-mentioned repayment.

6.7.4 Saskatchewan may, after receiving advice from the New Deal Partnership Committee, redirect Funds returned to Saskatchewan by a Municipality to an alternate use by Municipalities that meets the eligibility requirements of sections 6.2.1 (Eligible Projects and Eligible Costs) and 6.2.2 (20% Regional Benefit) of the New Deal Agreement.

6.8 Indemnity

6.8.1 Acknowledge that the Municipality is solely liable for the completion, operation, maintenance and repair of the project(s) and will indemnify and save harmless each of Canada and Saskatchewan against any and all such liability, and that the assets resulting from the project(s) will be used, maintained and operated for a reasonable period of time after the completion of the project(s).

6.9 Best practices

6.9.1 Agree that on any Eligible Project the work shall be carried out in accordance with the rules, regulations and laws government such works and in accordance with the best general practices then current at the time of construction of the project.

6.10 Tenders and Contracts

6.10.1 Ensure that:

- a) all Contracts for supply of services and material to an Eligible project (“Contracts”) will be awarded and managed in accordance with the Municipality’s relevant policies, procedures and resolutions, a copy of which will be provided to Saskatchewan in advance of Saskatchewan making payments to the Municipality; and
- b) contracts will be awarded in a way that is transparent, competitive and consistent with value for money principles.

6.10.2 Agree to conduct an open competitive tendering process for all projects funded by the Gas Tax. The Municipality further agrees that projects shall not be sub-contracted without the prior written approval of the Secretariat. Notwithstanding the preceding, if eligible project costs are less than \$30,000, two price quotations will be satisfactory instead of tendering. Further information with respect to self tendering requirements is provided in Appendix 2.

6.10.3 Include, in all of its calls for tendering of the project(s), the following wording:

“This project is partially funded by the Government of Canada through the New Deal for Cities and Communities.”

6.10.4 Agree to include the following clauses in any contracts to construct or supply materials for projects funded in whole or in part by the Funds:

“Indemnification

The Contractor agrees to indemnify and save harmless Canada, Saskatchewan, the Municipality, their officers, servants, employees, or agents from and against all claims, demands, loss, costs, damages, actions, suits or other proceedings by whomsoever brought or persecuted 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) the Funding Agreement between Saskatchewan and the Municipality required pursuant to the Canada Saskatchewan Agreement on the Transfer of Federal Gas Tax Revenues under the New Deal for Cities and Communities 2005 – 2015;
 - b) the performance of a contract or the breach of any term or condition of it by the Contractor, its officers, servants, employees, or agents; or
 - c) any omission or other wilful or negligent act of the Contractor, a Third Party, their respective employees, officers, servants or agents.”;
- and

“No Agency

The Contractor agrees that nothing in the Funding Agreement between Saskatchewan and the Municipality required pursuant to the Canada Saskatchewan Agreement on the Transfer of Federal Gas Tax Revenues under the New Deal for Cities and Communities 2005 - 2015 is to be construed as authorizing the Contractor or any Third Party to contract for or to incur any obligation on behalf of the Municipality, Saskatchewan or Canada or to act as agent for them.”

7. DEFAULT, REMEDIES AND INDEMNITY

7.1 Saskatchewan may declare an Event of Default if the Municipality:

- a) has failed to comply with any condition, undertaking or material term of this Funding Agreement;
- b) fails to implement or operate the project within the term of the Funding Agreement;
- c) changes the scope or nature of a project without written approval of the Secretariat;
- d) fails to obtain the necessary licenses, permits or approvals required to implement a project;
- e) fails to implement any environmental mitigation requirements; or
- f) fails to meet the reporting requirements of this Funding Agreement.

7.2 Saskatchewan will not declare an Event of Default has occurred unless it has consulted with and given notice in writing to the Municipality of the occurrence which, in the opinion of Saskatchewan, constitutes an Event of Default.

7.3 The Municipality shall, within 30 days of receipt of the notice, either correct the condition that has led to the serving of notice or demonstrate to the satisfaction of Saskatchewan, that it has taken such steps as are necessary to correct the said condition.

7.4 If an Event of Default occurs, Saskatchewan may inform the Municipality by notice in writing that Saskatchewan's obligation to transfer Funds, or the balance of Funds, to the Municipality is hereby terminated and if requested in writing the Municipality agrees to reimburse Saskatchewan for the amount dispersed.

7.5 In addition to any other remedy available at law, Saskatchewan reserves the right of setoff to recover any overpayments made to, or amounts owing by, the Municipality under this Funding Agreement.

7.6 The Municipality will indemnify and save harmless each of Canada and Saskatchewan and each of their respective ministers, servants, officers, employees and agents from and against all claims, liabilities, and demands of any kind with respect to any injury or death to a person, or damage to or loss or destruction of property, economic loss or infringement of rights by or arising directly or indirectly from:

- a) the New Deal Agreement and this Funding Agreement;
- b) the performance of this Funding Agreement or the breach of any term or condition of it by the Municipality, 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 Municipal Infrastructure resulting from the project(s);
- d) any omission or other wilful or negligent act of the Municipality, a Third Party, their respective employees, officers, servants or agents.

8. COMMUNICATIONS

8.1 The parties agree to follow the terms of the communications protocol described in Schedule F of the New Deal Agreement that establishes the principles and practices that will guide all announcements and events related to the New Deal Agreement.

8.2 The timing of public events shall be sufficient to allow for all orders of government to plan their involvement. The Municipality shall advise Saskatchewan and Canada at least 21 days in advance of any official ceremony to be held in connection with a project and agrees to have the ceremony take place on a day mutually agreed upon by the Municipality, Saskatchewan and Canada.

8.3 The Municipality agrees that all communications referring to projects funded under the New Deal Agreement will clearly recognize Canada's investments and will recognize that this initiative forms part of the New Deal through the use of the Canada wordmark and tagline.

8.4 The Municipality will ensure permanent signage is installed at the location of Eligible Projects receiving investments under the New Deal Agreement, at its own cost, prominently identifying the Government of Canada's investment and including the Canada wordmark. Where there is no fixed location for such signage, such as a transit vehicle, a prominent marker will recognize the Government of Canada's contribution. All signs/plaques will be located in such a way as to be clearly visible to users, visitors and/or passersby.

9. ADMINISTRATION

9.1 Any notice or communication authorized or permitted with respect to this Funding Agreement shall be effectively given if:

- a) delivered by hand; or
- b) sent by letter; or
- c) sent by electronic mail; or
- d) sent by telecopier facsimile (FAX); or
- e) prepaid to the address or FAX number, as given in this Funding Agreement.

9.2 Any notice or communication required or permitted by this Funding Agreement to be made by the Municipality shall be provided to:

New Deal Secretariat
Department of Government Relations
410 – 1855 Victoria Avenue
REGINA SK S4P 3V7
Fax (306) 787-3641
Phone (306) 787-8912

9.3 Any notice or communication that is required or authorized by Saskatchewan to be made to the Municipality may be addressed to:

«municipality_type» of «municipality_descr»
«address_line_1»
«city» «province» «postal_code»

10. GENERAL

10.1 Saskatchewan and the Municipality acknowledge the financial contribution by Canada under this Funding Agreement and, in consideration of that contribution and notwithstanding that Canada is not a signatory to this Funding Agreement, the Parties agree that the terms of this Funding Agreement applicable to, or with respect to, Canada are for her sole benefit.

- 10.2** Nothing in this Funding 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 Funding Agreement is to be construed as authorizing the Municipality or any Third Party to contract for or to incur any obligation on behalf of either Party or to act as agent for either Party.
- 10.3** The term of this Funding Agreement expires on March 31, 2010.
- 10.4** Either Party may terminate this Funding Agreement by serving a minimum of two Fiscal Years' notice to the other Party.
- 10.5** The Parties' rights and obligations respecting access to records, liability for projects, and retaining title will survive the expiry or early termination of this Funding Agreement.
- 10.6** This Funding Agreement is subject to *The Freedom of Information and Protection of Privacy Act* and *The Local Authority Freedom of Information and Protection of Privacy Act*.
- 10.7** The Parties agree to give this Funding Agreement a fair and reasonable interpretation and, when required, to negotiate with fairness and candor any modifications or alteration thereof for the purpose of carrying out the intent of the Funding Agreement and or rectifying any omission in any of these provisions.
- 10.8** If there is a conflict between this Funding Agreement and the New Deal Agreement, the provisions of the New Deal Agreement will apply.

11. SIGNATURES

THIS FUNDING AGREEMENT has been executed by the Parties, each by their duly authorized officers on the respective dates shown below. This Funding Agreement becomes effective on the latter of the two dates shown below.

Government of Saskatchewan
Original signed by:

«municipality_type» of «municipality_descr»
Original signed by:

Per: Minister of Government Relations

Mayor/Reeve

Date

Date

City Manager/Administrator/Clerk

Date

APPENDIX 1

ELIGIBLE PROJECT CATEGORIES

This Schedule describes ESMI investment and Capacity Building categories that Municipalities may use Gas Tax Funds for in accordance with section 6.2.1 of the New Deal Agreement.

1. ESMI Eligible Projects include:

a) In the Public Transit Infrastructure Category:

- i) 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);
- ii) Transit Buses: bus rolling stock, transit bus stations;
- iii) Intelligent Transport System (ITS) and Transit Priority Capital Investments:
 - ITS technologies to improve transit communications equipment, priority signaling, passenger and traffic information and transit operations;
 - Capital investments, such as transit queue-jumpers and High Occupancy Vehicle (HOV) lanes.
- iv) Public transit facilities including garages, maintenance facilities, and terminals; and
- v) Infrastructure and tangible assets associated with public transit for persons with disabilities.

b) In the Water Infrastructure Category:

- i) Drinking water supply and storage systems, drinking water treatment systems, and drinking water distribution systems (including water meters);
- ii) Regional systems relating to items mentioned in i) above; and
- iii) Infrastructure related to source water protection for municipal water supply systems.

c) In the Wastewater Infrastructure Category:

- i) Sanitary sewer systems and separate storm water systems; and
- ii) Flood proofing infrastructure, wastewater and storm water collection and treatment systems, including infrastructure to prevent cross contamination in water supply systems.

d) In the Solid Waste Infrastructure Category:

- i) Waste Diversion: material recovery facilities, organics management, collection depots, waste disposal landfills, and thermal treatment facilities; and

ii) Regional waste management systems relating to items mentioned in i) above.

e) In the Community Energy Systems Category:

i) For renewable energy infrastructure including combined heat and power (CHP), cogeneration and district energy, and distribution of thermal energy using a pipeline distribution system.

ii) For Municipalities other than Regina and Saskatoon, energy conserving infrastructure, including retro-fits to facilities (heating, lighting, etc.), restoration to reduce energy use, and infrastructure to improve interior/exterior air quality; and

iii) For Northern Municipalities, municipally owned Municipal Infrastructure associated with the extension of natural gas service.

f) In the Local Roads and Bridges Category:

i) Local roads, arterial roads, heavy haul/high volume roads, regional roads, bridges, tunnels; provided these are under municipal jurisdiction and enhance environmental sustainability outcomes;

ii) ITS capital investments including technologies to improve passenger and traffic information, incident management and rescue systems; and

iii) Active transportation infrastructure, including bike lanes and walking paths.

2. Capacity Building Projects include:

i) Collaboration: building partnerships, strategic alliances, participation, consultation and outreach;

ii) Knowledge: use of new technology, research, monitoring and evaluation, including for example: research into sustainable models for infrastructure, such as regional water supply, regional sewage treatment, regional solid waste management, and environmentally responsible regional road systems;

- water quality monitoring and evaluation, drinking water source protection; and
- training for operation and maintenance of Infrastructure.

iii) Integration: integrated sustainability planning, Infrastructure planning, policy development and implementation (e.g. environmental management systems, life cycle assessment, area road and transportation planning including short line railways, water supply system planning, wastewater system planning, solid waste management planning, watershed planning, community energy planning).

APPENDIX 2

ELIGIBLE AND INELIGIBLE MUNICIPAL COSTS

ELIGIBLE MUNICIPAL COSTS

1. Costs incurred on or after April 1, 2005.
2. Eligible Costs are all direct costs properly and reasonable incurred and paid by a Municipality under a contract for goods and services necessary for the implementation of an Eligible Project. Eligible Costs may include only the following:
 - a) the capital costs of acquiring, constructing or renovating a tangible capital asset and any debt financing charges related thereto;
 - b) 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;
 - c) the costs of environmental assessments, monitoring and follow-up programs as required either by federal or provincial environmental assessment legislation including any requirements of the *Canadian Environmental Assessment Act* and the *Environmental Assessment Act (Saskatchewan)*;
 - d) the fees paid to professionals, technical personnel, consultants and contractors specifically engaged to undertake planning, management, research, monitoring, evaluation, training, consultation, outreach, facilitation, policy development and program implementation relating to Municipal Capacity Building Projects, development of community sustainability strategies or plans integrated across the economic, environmental, social and cultural pillars of the New Deal.
3. The incremental costs of the Municipality's employees or equipment may be included in its Eligible Costs of a Project, or part thereof, if the Municipality complies with the policy for self-tendering as established by Saskatchewan, which includes:
 - a) the Municipality must obtain written approval of Saskatchewan to self-tender prior to the formal approval of the Eligible Project;
 - b) the Municipality must tender the Eligible Project;
 - c) the Municipality's employees or equipment must actually perform work that would otherwise have been the subject of a contract; and
 - d) the Municipality may not, under any circumstances, award the work to itself if it has not submitted the lowest valid tender as determined by industry standards.

4. Administration Costs: Only that portion of Funds representing interest earned may be used to pay for administration costs.

INELIGIBLE MUNICIPAL COSTS

5. a) Costs incurred prior to April 1, 2005;
- b) services or work that, in the opinion of Saskatchewan, is normally provided by the Municipality or a related Party;
- c) salaries and or other employment benefits of any employees of the Municipality, except for as indicated in section 3 of this Appendix;
- d) a Municipality's overhead costs, its direct or indirect operating or administration costs, and more specifically its costs related to planning, engineering, architecture, supervision, management and other activities normally carried out by its staff;
- e) costs of feasibility and planning studies for individual Eligible Projects;
- f) taxes for which the Municipality 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) costs of leasing of equipment by the Municipality except as indicated in section 3 of this Appendix;
- i) routine repair and maintenance costs;
- j) legal fees;
- k) audit and evaluation costs; and
- l) administrative costs incurred as a result of implementing this Funding Agreement except as indicated in section 4 of this Appendix.

APPENDIX 3 REGIONAL BENEFIT

For a portion of each Municipality's allocation, in addition to contributing to the Outcomes and being within the Infrastructure categories described in Schedule A, the Funds are required to produce Regional Benefit. Further to section 6.2.2 and 6.2.5 of the Agreement, this Schedule further describes the circumstances for which Eligible Projects are accepted as producing Regional Benefit.

An Eligible Project proposed by a Municipality has Regional Benefit if neighboring Municipalities receive demonstrable environmental, economic, social, cultural or recreational benefits from the Project Infrastructure (i.e., the Project must contribute to the Outcomes, but the Regional Benefit may arise for reasons other than the Outcomes). Evidence of Regional Benefit may include items such as those listed below but is not limited to the following items:

- a) Other Municipalities share the Eligible Project costs.
- b) The Eligible Project Infrastructure is owned and/or operated jointly with neighboring Municipalities.
- c) There are existing or planned service agreements in place with neighboring Municipalities with respect to the use of, or access to, the Eligible Project Infrastructure.
- d) Residents of neighboring Municipalities already regularly use, or will in the future regularly use, the Eligible Project Infrastructure.
- e) The Eligible Project Infrastructure has resulted from a joint planning process involving neighboring Municipalities.
- f) Neighboring Municipalities provide in-kind contributions to the Eligible Project or participate in some other contributory way.
- g) With respect to Capacity Building Projects, neighboring Municipalities will participate jointly with respect to activities described in Item 2 of Schedule A.

For Projects where Regional Benefit cannot be documented through cash contributions, service agreements, regional sustainability plans, or records of Infrastructure use, the IPP and letters/resolutions stating support for the Eligible Project by neighboring Municipalities are acceptable evidence of Regional Benefit, provided that these include sufficient rationale to support the existence of a Regional Benefit as described in a) to g) above.

Regional Benefit may arise as a result of benefits from the Eligible Project for First Nations. All references to neighboring Municipalities in this Schedule also apply to First Nations.