Local Government Gas Tax Funding Agreement

This Local Government Gas Tax Funding Agreement made as of _____, 2009

BETWEEN:

HER MAJESTY THE QUEEN, in right of the Province of Newfoundland and Labrador, as represented by the Minister of Municipal Affairs (the "Province")

OF THE FIRST PART

- and -

The **TOWN OF** _____ the Province of Newfoundland & Labrador (the "Local Government")

OF THE SECOND PART

WHEREAS Canada and Newfoundland and Labrador have signed the Canada – Newfoundland and Labrador Agreement on the Transfer of Federal Gas Tax Revenues on August 1, 2006; and

WHEREAS the Province agrees to transfer to the Local Government a portion of federal gas tax revenues to be used for eligible costs on eligible projects as outlined in Schedule G of the Canada-Newfoundland and Labrador Agreement on the Transfer of Federal Gas Tax Revenues based on the terms and conditions contained herein; and

WHEREAS the Province agrees to provide such funds, to the Local Government upon receipt of funds from the Government of Canada; and

WHEREAS the Local Government agrees to accept these funds based upon the terms and conditions contained herein;

NOW THEREFORE in consideration of the mutual terms and conditions hereinafter specified, the Parties agree as follows:

1. **INTERPRETATION**

1.1. Definitions

"**Agreement**" means this Local Government Gas Tax Funding Agreement.

"**Annual Expenditure Report**" means the annual report to be prepared and delivered by the Local Government to the Province, more particularly described in Schedule D.

"Audit Report" means an audit report prepared, at the Local Government's cost, by a provincially licensed auditor, as more particularly described in Schedule D.

"Base Amount" means the average annual expenditures budgeted for Municipal Infrastructure projects over the April 2001-March 2006 period, excluding amounts spent for the Multi-Year Capital Works Program and Canada Strategic Infrastructure Fund projects.

"**Capacity Building Projects**" means projects and activities that strengthen the ability of Local Governments to develop and implement integrated community sustainability plans, as more particularly described in Schedule A.

"**Capital Investment Plan"** means a public document supported through a resolution of the Council that provides multi-year details of planned investments of the Funds into tangible capital assets, including the cost and benefit implications of these investments along with the rationale as to why these are deemed to be priorities.

"**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, cleaner water, or cleaner air; and,

(b) fall within the category of projects described in Schedule A hereto.

"**Eligible Costs**" means those costs described in Schedule B, incurred in respect of Eligible Projects.

"**Eligible Projects**" means Capacity Building Projects and ESMI Projects as described in Schedule A.

"**Eligible Recipient**" means a Local Government.

"Eligible Recipient Requirements" means those requirements described in Schedule C.

"**Fiscal year**" means the period beginning January 1 of a year and ending December 31 of that year.

"**Funding Agreement**" means this agreement made between the Province and an Eligible Recipient pursuant to which Funds are paid to the Eligible Recipient.

"**Funds**" means the funds made available to the Local Government for Eligible Projects as defined in the Agreement between Canada and Newfoundland and Labrador and as indicated in Schedule G attached. It is understood that these Funds may be reallocated as per the terms outlined in the Agreement between Canada and Newfoundland and Labrador on the Transfer of Federal Gas Tax Revenues.

"**Infrastructure Programs**" means Canada's or the Province's infrastructure programs in existence at the time of the execution of this Agreement, including the Canada Strategic Infrastructure Fund, the Municipal Rural Infrastructure Fund, the Infrastructure Canada Program, the Multi-Year Capital Works Program and the Municipal Capital Works Program.

"**Integrated Community Sustainability Plans**" means a long-term plan, developed in consultation with community members that provides direction for the cities, towns and regions to realize sustainability objectives it has for the environmental, cultural, social and economic dimensions of its identity.

"**Local Government**" means a municipality, city, town or region pursuant to the *Municipalities Act, 1999, S.N.L. 1999*, c. M-24; the City of St. John's pursuant to the *City of St. John's Act*, *R.S.N.L. 1990, c. C-17*; the City of Corner Brook pursuant to the *City of Corner Brook Act*, R.S.N.L. 1990 c.C-15; the City of Mount Pearl pursuant to the *City of Mount Pearl Act, R.S.N.L. 1990, c.C-16*; a Regional Service Board pursuant to the *Regional Service Boards Act, R.S.N.L. 1990 c.R-8*.

"**Municipal Infrastructure**" means tangible capital assets in Canada primarily for public use or benefit owned by an Eligible Recipient.

"**Outcomes Report**" means the report to be delivered by the Local Government to the Province and made available to the public, which reports on the outputs and outcomes of the use of the Funds, using the indicators set out in Schedule E.

"Oversight Committee" means the Committee established to manage the Canada- Newfoundland and Labrador Agreement on the Transfer of Federal Gas Tax Revenues.

"**Parties**" means the Province and the Local Government.

1.2 Entire Agreement

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

1.3 Schedules

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

Schedule A - Eligible Project Categories

Schedule B - Eligible Costs

Schedule C - Eligible Recipient Requirements

Schedule D - Reporting & Audits

Schedule E - Outcome Indicators

Schedule F - Communications Protocol

Schedule G - Funds Allocated

1.4 Accounting Principles

All accounting terms not otherwise defined herein have the meanings assigned to them; all calculations will be made and all financial data to be submitted will be prepared, in accordance with the generally accepted accounting principles (GAAP) in effect in Canada and in Newfoundland and Labrador. 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 the Agreement is to:

(a) Provide a joint framework for the transfer of Funds to the Local Government for investment in Environmentally Sustainable Municipal Infrastructure and Capacity Building projects.

(b) Support Eligible Projects in Newfoundland and Labrador that will lead to the desired outcomes of cleaner air, cleaner water and lower greenhouse gas emissions.

(c) Promote effective local government and healthy and vibrant communities by assisting Local Governments develop Environmentally Sustainable Municipal Infrastructure.

3. Access and Use of Funds

3.1 Accessing Funds

The Local Government agrees that Funds provided under this Agreement and income earned will be used only for capital expenditures of the general types of capital infrastructure projects listed in Schedule A – Eligible Project Categories and solely in respect of Eligible Costs identified in Schedule B.

In order to access funds, the Local Government agrees to submit a Capital Investment Plan that is supported by a Resolution of Council that includes:

a) summary description of Eligible Projects for which the Eligible Recipient intends to use the Funds;
b) the Infrastructure investment categories of the Eligible Projects;
c) the Outcomes and outputs the Eligible Recipient expects will result from the use of Funds and the proposed method the Eligible Recipient will use for measuring the Outcomes; and
d) a general description of how the use of the Funds will contribute to environmental and other sustainability efforts of the Eligible Recipient.

In 2006 and each year thereafter submit not later than December 31, its annual Local Government budget for the upcoming year.

In 2007 and each year thereafter submit, not later than June 30th, the required Audit Report and Annual Expenditure Report for the previous fiscal year as well as any updates required to the Capital Investment Plan.

No later than December 31, 2009 submit an Integrated Community Sustainability Plan and, if required by the Province, an Outcomes Report.

Resolve any impediments that might interfere with the Funds being used in respect of eligible costs on eligible projects.

The Local Government may spend its allocation of Funds in the year received, accumulate the Funds for use by March 31, 2010 or obtain a loan to a maximum of the Funds less interest, to undertake Eligible Project (s) on the basis that the loan including interest, will be re-paid in full by March 31, 2010.

The Local Government acknowledges that the Oversight Committee may redirect the Funds to other Local Governments if the Funds will not be expended or committed to an Eligible Project by the Local Government by March 31, 2009.

3.2. Use of Funds

The Local Government shall ensure the Funds will result in net incremental capital spending on Environmentally Sustainable Municipal Infrastructure or Capacity Building Projects over the period April 1, 2006 to March 31, 2010 by continuing to invest in capital municipal infrastructure projects. The Local Government commits that the Funds will not displace or be used to claw back any capital infrastructure funding that is currently being made available for infrastructure. Funds provided under this Funding Agreement cannot be used as the municipal share or contribution to Provincial or Federal Infrastructure Programs.

4. RESPONSIBILITIES

4.1. Provincial Responsibilities

The Province agrees to provide Funds to the Local Government over the term of this Agreement in incremental payments subject to the following:

(a) receipt of Funds from the Government of Canada as agreed to in the Canada-Newfoundland and Labrador Agreement on the Transfer of Federal Gas Revenues;

(b) execution of this Agreement by the Parties;

(c) there being no impediments that will prevent the Local Government from spending the Funds on Eligible Costs of Eligible Projects; and

(d) Local Government compliance with all terms and conditions of this Agreement.

4.2. Flow of Funds

The Province agrees to pay each Eligible Recipient its two equal semi-annual payments no later than ninety (90) days after which Newfoundland and Labrador receives payment of the Funds from Canada, subject to all conditions of this Agreement being met by the Local Government.

4.3. Local Government Responsibilities

The Local Government agrees that it will:

(a) maintain a separate accounting for the Funds provided;

(b) invest the Funds provided, or unutilized portions thereof, in accordance with the terms of the Newfoundland *Municipalities Act, 1999*, *City of St. John's Act*, *City of Corner Brook Act*, *City of Mount Pearl Act*, and *Regional Service Boards Act;*

(c) determine and report the "actual income earned" on the unexpended Funds invested in the Annual Expenditure Report;

(d) comply with the requirements in Schedule C;

(e) carry out the work on any Eligible Project in accordance with the rules, regulations and laws governing such works and in accordance with the *Public Tender Act*;

(f) allow the Province and its agents, including but not limited to, the Auditor General of Newfoundland and Labrador, and representatives of the Department of Municipal Affairs, access to an Eligible Project site, any engineering drawings or documents, and any other such project related documents as deemed necessary by the Province in performing an audit of the projects undertaken under this Agreement;

(g) have developed an Integrated Community Sustainability Plan by March 31, 2009, that provides direction to realize sustainability objectives it has for the environmental, cultural, social and economic dimensions of its identity;

(h) undertake communications activities in respect to projects funded by Funds in accordance with the terms of the communications protocol set out in Schedule F;

(i) have adopted and use the accounting rules of the Public Sector Accounting Board no later than March 31, 2009, and

(j) will maintain proper and accurate accounts and records, including invoices, statements, receipts and vouchers in respect of all Eligible Projects that receive Funds, for at least three (3) years after termination of this Agreement and will, upon reasonable notice, make them available to the Province or to Canada for inspection or audit.

5. PLANNING, REPORTING AND AUDITS

5.1. Capital Investment Plan

A Capital Investment Plan supported by a resolution of council shall be prepared with respect to the use of Funds, which includes the following information;

(a) a summary description over multiple years of Eligible Projects for which the Eligible Recipient intends to use Funds;
(b) the infrastructure investment categories of the Eligible Projects;
(c) the outcomes and output the Eligible Recipient expects will result from the use of Funds and the proposed method the Eligible Recipient will use for measuring the outcomes;
(d) a general description of how the use of Funds will contribute to environmental sustainability efforts and other sustainability efforts of the Eligible Recipient; and
(e) a rationale as to why these projects are deemed to be priorities.

5.2. Reporting and Audits

5.2.1. The Local Government will, at its cost:

(a) prepare and deliver to the Province no later than June 30 of each fiscal year its Annual Audit which will include an Annual Expenditure Report accompanied by certification by the Local Government that it has complied with this Agreement and an Audit Report confirming the Local Government's Auditor's concurrence. The Annual Expenditure Report will be completed in accordance with Schedule D.
(b) prepare and deliver to the Province no later than December 31st of each year its annual budget for the upcoming year;
(c) prepare and deliver to the Province no later than March 31, 2009, and periodically thereafter if required by the Province, an Outcomes Report;
(d) complete at its cost and provide to the Province or Canada, an audit of any one or more Eligible Projects, if requested; and

(e) share with the Province or Canada the results of any compliance or performance audit that it may carry out beyond the Audit Report that examines the use of Funds to a specific extent.

5.2.2. The Province or Canada may incorporate all or any part or parts of the said reports into any report that they may prepare for their own purposes, including any reports that may be made public.

6. ENFORCEMENT

6.1. The Parties agree that the Province can enforce this Agreement if the Local Government does not comply with the terms and conditions of this Agreement and the methods of enforcement may include withholding of payment, reduction of payment, requiring the return of payment, or non-renewal of this Agreement. The Local Government will cooperate with any request made pursuant to this clause, within the time provided in the request, and any amount owed to the Province under this Agreement will constitute a debt due to the Province, which the Local Government will reimburse forthwith, on demand, to the Province.

6.2. The rights, remedies and privileges of the Province under this Agreement are cumulative and any one or more may be exercised.

7. GENERAL

7.1. This Agreement shall continue in effect until March 31, 2015, and may be renewed thereafter in five-year increments if mutually agreed in writing.

7.2. Either party may terminate this Agreement on two (2) years written notice.

7.3. This Agreement is binding upon the Parties and their successors.

7.4. The Parties agree that the laws of the Province of Newfoundland and Labrador will govern this Agreement and all actions, suits or proceedings arising out of this Agreement shall be determined in a court of competent jurisdiction in Newfoundland and Labrador subject to any right of appeal.

7.5. Any notice, demand or other document required or permitted to be given under the terms of this Agreement shall be sufficiently given to the Party to whom it is addressed if personally delivered, sent by prepaid registered mail or sent by facsimile transmission.

Any Notice To The Province Must be Sent To:

Minister of Municipal Affairs

P.O. Box 8700

St. John's NL A1B 4J6

Fax: 729-3605

Any Notice to The Local Government Must be Sent To:

_____

or to such other addresses as either Party may furnish in writing to the other from time to time.

8. MISCELLANEOUS

8.1. 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.

8.2. 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. In the event of a conflict between this Agreement and the Agreement on the Canada-Newfoundland and Labrador Agreement on the Transfer of Federal Gas Tax Revenues, the latter shall prevail.

8.3. Amendments to the Local Government Funding Agreement

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

8.4. Indemnity

The Local Government agrees at all times to indemnify and save harmless the Province and Canada including their officers, servants, employees or agents, 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) All Eligible Projects;

b) The performance of this Agreement or the breach of any term or condition of this Agreement by Newfoundland and Labrador, its officers, employees and agents, or by a third party, its officers, employees, or agents;

c) The performance of a Funding Agreement or the breach of any term or condition of a Funding Agreement by an Eligible Recipient, its officers, employees and agents, or by a third party, its officers, employees, or agents;

d) The design, construction, operation, maintenance and repair of any part of an Eligible Project; and

e) Any omission or other wilful or negligent act of Newfoundland and Labrador or an Eligible Recipient or third party and their respective employees, officers, or agents;

except to the extent to which such claims and demands, losses, costs, damages, actions, suits, or other proceedings relate to the act or negligence of an officer, employee, or agent of the Province or Canada in the performance of his or her duties.

The Parties have therefore executed this Agreement, each by its duly authorized representative(s), on the respective dates shown below.

HER MAJESTY THE QUEEN

In right of the Province of Newfoundland and Labrador as

Represented by the Minister of Municipal Affairs

Honourable Dianne Whalen

_____

Date: _____

In Right of the Local Government of the Town of _____

As Represented by the Mayor or Chairperson

_____

Date: _____

Schedule A – Eligible Project Categories

ESMI Projects examples include the following:

a) Water, e.g.:

Drinking water supply; and storage systems, drinking water purification and treatment systems; drinking water distribution systems; water metering systems; regional systems and protection of water sources.

b) Wastewater, e.g.:

Wastewater systems including sanitary and combined sewer systems; and separate storm water systems, including outfalls and wastewater treatment facilities; flood proofing infrastructure, wastewater and storm water collection and treatment systems, including infrastructure to prevent cross contamination in water supply systems.

c) Solid Waste, e.g.:

Waste diversion; material recovery facilities; organics management; collection depots; waste disposal landfills; thermal treatment and landfill gas recuperation, regional waste management systems relating to items mentioned above including waste transport, onsite equipment, transfer stations, etc.

d) Community Energy Systems, e.g.:

i) Cogeneration or combined heat and power projects (where heat and power are produced through a single process);
ii) District heating and cooling projects where heat (or cooling) is distributed to more than one building.

e) Transportation infrastructure including local roads, arterial roads, regional roads, and bridges which enhance sustainability outcomes including construction, reconstruction, and rehabilitation of roads, bridges and other ancillary works, arc or sidewalks, lighting, traffic control, various signals, etc.

2) Capacity Building includes the following activities:

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

ii) Knowledge: use of new technology; research; and monitoring and evaluation; including municipally-initiated or driven research into sustainable models for infrastructure such as regional water supply, regional sewage treatment, regional solid waste management and regional road systems plus water quality monitoring and evaluation, drinking water source protection and training for operation and maintenance of infrastructure.

iii) Integration: planning, policy development and implementation (e.g., environmental management systems, life cycle assessment). This can include: Integrated sustainability planning, policy development and implementation including asset life cycle assessment, water supply system planning, waste water system planning, solid waste management planning, watershed planning and land use planning.

Schedule B- Eligible Costs

Eligible Costs

1 Project Costs
Eligible costs will be all direct costs that are properly and reasonably incurred and paid by an Eligible Recipient 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 by the *Canadian Environmental Assessment Act*; or the Newfoundland *Environmental Protection Act*, Part X; and

d) costs related to strengthening the ability of Local Governments to develop Integrated Community Sustainability Plans(ICSPs). The fees paid to professionals, technical personnel, consultants, and contractors specifically engaged to undertake planning, management, research, monitoring, training, consultation, facilitation, policy development and program implementation relating to Municipal Capacity Building and ICSPs including costs of regional planning initiatives.

1.1 Employee and Equipment Costs

In the case of Eligible Recipients that are remote, the out of pocket costs (not overhead) related to employees or equipment may be included in its eligible costs under the following conditions:

a) the provision of such works or services by anyone other than the Eligible Recipient would be unduly costly;

b) employees or equipment are employed directly in respect of the work that would have been the subject of the contract, and

c) the arrangement is approved in advance and in writing by the Oversight Committee for the Canada – Newfoundland and Labrador Agreement on the Transfer of Federal Gas Tax Revenues via a written request to the Minister of Municipal Affairs.

1.2 Administration Costs
That portion of Funds representing interest earned may be used to pay for administration costs.

Ineligible Costs

Costs related to the following items are ineligible costs:
(a) Eligible Project costs incurred before April 1, 2006;
(b) services or works that are normally provided by the Eligible Recipient or a related party;
(c) salaries and other employment benefits of any employees of the community applicant except as indicated in section 1.1 ;
(d) an Eligible 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 its applicant's staff ;
(e) costs of feasibility and planning studies for individual Eligible Projects;

(f) taxes for which the Eligible Recipient 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) cost of leasing of equipment by the Local Government except as indicated in section 1.1 above;
(i) routine repair and maintenance costs;
(j) legal fees;
(k) administrative costs incurred as a result of implementing this Agreement; and
(l) audit and evaluation costs.

SCHEDULE C- Eligible Recipient Requirements

Eligible Recipients shall:

1. Complete Capital Investment Plans as required and ensure that the Funds are not be used as the municipal contribution toward any cost-shared Federal or Provincial Capital Works projects.

2. Over the life of the Agreement, the Local Government will develop an Integrated Community Sustainability Plan, either by itself or as part of some higher level of agglomeration.

3. Prior to March 31, 2009, adopt and use the accounting rules of the Public Sector Accounting Board.

4. Local Governments, other than cities, ensure that the Funds will result in net incremental capital spending on Municipal Infrastructure over the period of April 1, 2006 to March 31, 2010.

5. For the cities of St. John's, Mount Pearl and Corner Brook, ensure that over the period of April 1, 2006 to March 31, 2010 each Local Government's capital spending on Municipal Infrastructure, excluding amounts spent on the Multi Year Capital Works Program and Canada Strategic Infrastructure Fund projects, does not fall below its Base Amount.

6. Permit the Province and Canada reasonable access to all records relating to all Eligible Projects that have received Funds.

7. Be responsible for the complete, diligent and timely implementation and completion of the Eligible Project.

8. Acknowledge that Newfoundland and Labrador may holdback Funds if the Eligible Recipient is in default under the Funding Agreement.

9. Comply, as necessary, with the Communications Protocol set out in Schedule F.

10. Comply with all legislated environmental assessment requirements and agree that no funds will be committed to an Eligible Project until all required environmental assessment requirements have been satisfied.

11. Implement all mitigation measures identified in any environmental assessment of the Eligible Project.

12. If Funds are paid by Newfoundland and Labrador to the Eligible Recipient in advance of the Eligible Recipient incurring and paying Eligible Costs, invest such Funds in accordance with Newfoundland *Municipalities Act, 1999*, *City of St. John's Act*, *City of Corner Brook Act*, *City of Mount Pearl Act*, and *Regional Service Boards Act*.

13. (a) Retain title to, and ownership of, the Municipal Infrastructure resulting from the Eligible Project for at least ten (10) years after Project completion;

    (b) If, at any time within ten (10) years from the date of completion of the Eligible Project, the Eligible 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, Newfoundland and Labrador, a Local Government, or a Crown corporation of Newfoundland and Labrador that is the latter's agent for the purpose of implementing this agreement, the Eligible Recipient shall repay Newfoundland and Labrador on demand, a proportionate amount of the funds contributed by Canada, as follows:

1. Where Eligible Project asset is sold, leased, encumbered or disposed of:	2. Repayment of contribution (in current dollars)
3. Within 2 Years after Eligible Project completion	4. 100%
5. Between 2 and 5 Years after Eligible Project completion	6. 55%
7. Between 5 and 10 Years after Eligible Project completion	8. 10%

14. (a) Award and manage all contracts for the supply of services and/or material to the Eligible Project ("Contracts") in accordance with the Newfoundland *Public Tender Act*.

    (b) Award Contracts in a manner that is transparent, competitive, and consistent with value for money principles.

15. Indemnify and save harmless Canada and Newfoundland and Labrador, their officers, servants, employees or agents, 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:

    i) All Eligible Projects;

    ii) The performance of this Agreement or the breach of any term or condition of this Agreement by the Parties, its officers, employees and agents, or by a third party, and any of its officers, employees, servants or agents;

    iii) The performance of a Funding Agreement or the breach of any term or condition of the Funding Agreement by the Parties, its officers, employees and agents, or by a third party, and any of its officers, employees, servants or agents;

    iv) The design, construction, operation, maintenance and repair of any part of an Eligible Project; and

    v) Any omission or other willful or negligent act of the Parties or Eligible Recipient or third party and their respective employees, officers, servants or agents.

16. Acknowledge that it may use the Funds to pay up to 100% of Eligible Costs of an Eligible Project.

Schedule D- Reporting and Audits – Page 1 of 2

1. Reporting

Annual Expenditure Report

The Annual Expenditure Report will report on:

- the amounts received under this Agreement;
- amounts paid in aggregate for Eligible Projects;
- the amount held at year end in aggregate to be paid for Eligible Projects.

The Annual Expenditure Report will also indicate in a narrative the progress that the Local Government has made in meeting its commitments and contributions under this agreement.

The Annual Expenditure Report will also include the following information:

A listing of all Eligible Projects indicating the location, investment category, amount and identity of all sources of funding including the Initial Project Budget, Costs to Date, Estimated Cost to Complete and Anticipated Completion Date as well as the nature of the investment and expected outcomes, as identified in Schedule E.

Outcomes Report

The Outcomes Report will report on the cumulative investments made, including information on the degree to which these investments have actually contributed to the objectives of cleaner air, cleaner water and reduced Green House Gas emissions.

2. Audit Report

The Audit Report, which includes the results of financial and compliance audits, will provide an opinion as to whether all of the information contained in the Annual Expenditure Report is complete and accurate and whether the Local Government has complied with all material provisions of this Agreement.

Schedule D, Continued – Page 2 of 2

ANNUAL EXPENDITURE REPORT – TEMPLATE REPORTING FORMAT FOR FUNDING FLOWS

Town/City of_____	
Received from Newfoundland and Labrador in 2006/07	
Spent on Eligible Projects in 2006/07*	
Balance Available at Start of 2007/08(including interest earned)	
Received from Newfoundland and Labrador in 2007/08	
Spent on Eligible Projects in 2007/08*	
Balance Available at Start of 2008/09(including interest earned)	
Received from Newfoundland and Labrador in 2008/09	
Spent on Eligible Projects in 2008/09 *	
Balance Available at Start o f 2009/10 (including interest earned)	
Received from Newfoundland and Labrador in 2009/10	
Spent on Eligible Projects in 2009/10*	
Balance Available at End off 2009/10(including interest earned)	

* Details to be included as per the Requirements of an Annual Expenditure Report outlined on previous page.

SCHEDULE E- Outcome Indicators

The impact of the use of the Funds will be measured through a set of core indicators linked to the following outcomes and outputs:

Outcomes:

a) Cleaner Air:
b) Cleaner Water:
c) Lower Green House Gases:

Outputs: (Indicators to be determined)

a) Community Energy Systems:
b) Water Infrastructure:
c) Wastewater Infrastructure:
d) Solid waste:
e) Local Roads and Bridges:
f) Capacity Building:

SCHEDULE F- Communications Protocol

Canada and Newfoundland and Labrador agreed that Canadians have a right to transparency and public accountability, which is best served by full information about the benefits of the Transfer of Federal Gas Tax Revenues. This communications protocol establishes the principles and practices that will guide all announcements and events related to the Agreement between Canada and Newfoundland and Labrador on The Transfer of Federal Gas Tax Revenues and the funding to Eligible Recipients.

Local Governments

Local Governments agree to follow the process outlined and agree to abide by the terms agreed to by Government of Canada and Newfoundland and Labrador regarding any communications associated with the use of these Funds.

General

1. The timing of public events shall be sufficient to allow for all orders of government to plan their involvement. Either Party shall provide a minimum of 21 days notice of an event or announcement.

2. The Parties agree that each will receive appropriate recognition in joint communications materials.

3. Joint communications material and signage will reflect Government of Canada communications policy, including the Official Languages Act, and federal-provincial/territorial identity graphics guidelines.

Assessment

Communication results will be assessed as part of the evaluation process set out in the Canada and Newfoundland and Labrador on The Transfer of Federal Gas Tax Revenues Agreement.

SCHEDULE G

Subject to each Eligible Recipient meeting the terms and conditions of its Funding Agreement, Newfoundland and Labrador agrees to pay the Eligible Recipient its Funds allocation for each Fiscal Year beyond 2006-07 in two equal semi-annual payments, with each payment to be received by the Eligible Recipient no later than ninety (90) days upon which Newfoundland and Labrador receives Canada's semi-annual payments.

	Base + Per Capita Year 1	Base + Per Capita Year 2	Base + Per Capita Year 3	Base + Per Capita Year 4	Base + Per Capita 4 Year Total
Community					