

STAFF REPORT: Planning & Building Services Department



REPORT TO: Council
MEETING DATE: December 4, 2013
REPORT NO.: PL.13.133
SUBJECT: Authorization to Execute a Source Protection Municipal Implementation Fund Grant Funding Agreement
PREPARED BY: D. Finbow, Director, Planning & Building Services

A. Recommendations

THAT Council receive Staff Report PL.13.133 respecting Authorization to execute a Source Protection Municipal Implementation Fund Grant Funding Agreement and that Council authorize the Mayor and Clerk to execute said Agreement.

B. Background

Purpose:

To seek Council's authorization for the Mayor and Clerk to execute the Source Protection Municipal Implementation Fund Grant Funding Agreement.

Source Water Protection:

"In 2000, the Walkerton tragedy showed how vulnerable drinking water can be when it is not managed properly. The resulting *Walkerton Report* outlined 122 recommendations for the improved management of drinking water in which the Government of Ontario committed to implementing. A number of the recommendations emphasized the need for managing source water protection on a watershed basis."

"Source water is untreated water from streams, lakes, or underground aquifers used to supply private wells and public drinking water systems. Source Water Protection is simply protecting surface water from contamination or overuse." (1)

In 2007 the Province amended Ontario Regulation 287/07 to include requirements for the preparation and implementation of source water protection plans under the *Clean Water Act*.

Source Water Protection Plans have been prepared for the various source water protection areas and implementation is now underway. In this regard, the Town of The Blue Mountains is located within two source water protection areas, "Saugeen, Grey Sauble, Northern Bruce Peninsula" and "South Georgian Bay Lake Simcoe". Attached as Appendix "A" is a map illustrating the various areas in the Province.

(1) Nottawasaga Valley Conservation Authority,
<http://www.nvca.on.ca/OurProgramsandServices/EngineeringTechnicalServices/SourceWaterProtection/index.htm>

Source Protection Plans:

Source Protection Plans are designed to protect existing and future sources of drinking water by creating a set of policies that help ensure activities carried out near municipal wells and surface water intakes do not threaten the quality and quantity of the drinking water supply.

The Source Protection Plan for the South Georgian Bay Lake Simcoe Source Protection Area identified vulnerable areas (threats) within the Town as they relate to municipal wells located in Clearview Township. No threats were identified in the Source Protection Plan for Saugeen, Grey Sauble, Northern Bruce Peninsula Source Protection Area.

Clean Water Act:

With respect to the Town's role as it relates to source water protection, Part IV of the *Clean Water Act* indicates the following:

Enforcement by municipalities

47. (1) Except where otherwise provided,

- (a) the council of a single-tier municipality is responsible for the enforcement of this Part in the municipality; and
- (b) the council of an upper-tier municipality or lower-tier municipality that has authority to pass by-laws respecting water production, treatment and storage under the *Municipal Act, 2001* is responsible for the enforcement of this Part in the municipality. 2006, c. 22, s. 47 (1).

Joint enforcement

(2) The councils of two or more municipalities referred to in subsection (1) may enter into an agreement,

- (a) providing for the joint enforcement of this Part within their respective municipalities;
- (b) providing for the sharing of costs incurred in the enforcement of this Part within their respective municipalities; and
- (c) providing for the appointment of a risk management official and risk management inspectors. 2006, c. 22, s. 47 (2).

In addition, the Act indicates:

Risk management official, risk management inspectors

(6) The council of a municipality that is responsible for the enforcement of this Part shall appoint a risk management official and such risk management inspectors as are necessary for that purpose. 2006, c. 22, s. 47 (6).

Source Protection Municipal Implementation Fund:

The Ministry of the Environment's website indicates the following:

Ontario is strengthening the protection of local drinking water sources by providing support to small, rural municipalities. The Source Protection Municipal Implementation Fund will provide \$13.5M to [189 municipalities](#) through grants ranging from \$18,000 to \$100,000. The one-time grants are given to small, rural municipalities to help offset some of the start-up costs they will incur as they prepare to implement their drinking water source protection plans.

The goals of the Fund are to:

- build municipal capacity to implement source protection plans
- support sustainable, pragmatic, local delivery approaches.

The Source Protection Municipal Implementation Fund provides one-time funding to offset a portion of the costs for small, rural municipalities in preparing to implement and implementing source protection plans.

The Municipality requires funding from the Province to assist the Municipality in carrying out the Project and the Province wishes to provide such funds

The goals of the Source Protection Municipal Implementation Fund are to:

- build municipal capacity to implement source protection plans
- support sustainable, pragmatic, local delivery approaches.

Over the next few years, as municipalities begin to implement their source protection plans, they will incur costs. This one-time grant for small, rural municipalities will help offset some of those costs. Typically, small, rural municipalities are least likely to pay the full start-up costs themselves.

Ensuring that local sources of drinking water are protected is part of Ontario's drinking water safety net. Municipalities, already responsible for the delivery of municipal drinking water and land-use planning, play a strong role in implementing source protection plans in all areas under their jurisdiction.

Who is eligible for funding?

Municipalities to be eligible for a grant meet the following criteria:

The municipality is located in a source protection area as defined by the *Clean Water Act, 2006* ([southern Ontario map](#), [northern Ontario map](#));

The municipality contains vulnerable areas identified by the local source protection committee (and identified in approved assessment reports) where there could be significant drinking water threats;

25% or more of the municipality's population is living in a rural area, according to the [Rural and Small Community Measure](#); or the municipality's population is under 100,000 and the municipality is required to implement policies pertaining to [Part IV, sections 57 and/or 58 of the Clean Water Act, 2006](#); and

An approved or proposed source protection plan that has been submitted for approval, specifies that the municipality is required to implement one or more of the following significant drinking water threat policies:

- Policies for the purpose of Part IV of the *Clean Water Act, 2006*;
- Policies that govern *Planning Act* decisions;
- Policies that establish education and outreach programs; or
- Policies that specify other types of actions the municipality is required to take.

Attached as Appendix "A" is the Source Protection Municipal Fund Implementation Guide.

Amount of Funds Available:

As noted in the Source Protection Municipal Implementation Fund Grant Funding Agreement (Appendix "B") the maximum funds that the Town is eligible for is:

"Maximum Funds" means a total amount of up to \$45,000 which consists of \$30,000 together with up to \$15,000 collaboration incentive funding (if applicable) as determined by the Province pursuant to section 3.1(a).

With respect to the collaboration incentive funding, an application must be submitted to the Province by December 12, 2014 for same with such application including the following information:

- (i) A brief description of the collaboration activities, the municipalities that are collaborating, and the lead organization for each activity;
- (ii) the policies that the activities are supporting;
- (iii) the timelines for each activity; and
- (iv) the contact information and signatures of the collaborating municipalities.

As to the collaboration funds, Town staff has reached out to the Nottawasaga Valley Conservation Authority, being the apparent lead on this matter in the watershed of concern, to seek collaboration opportunities.

Proposed Use of Funds:

It is proposed that the funds will be utilized for the following purposes:

- Policies for the purpose of Part IV of the *Clean Water Act, 2006* (as they relate to risk management);
- Policies that govern *Planning Act* decisions (specifically developing Official Plan policies);
- Policies that establish education and outreach programs; or
- Policies that specify other types of actions the municipality is required to take.

Risk Management Official and a Risk Management Inspector:

The Town will work with the Nottawasaga Valley Conservation Authority and Clearview Township in terms of the appointment of a Risk Management Official and a Risk Management Inspector.

Summary:

It is recommended that Council authorize the Mayor and Clerk execute the Source Protection Municipal Implementation Fund Grant Funding Agreement.

C. The Blue Mountains' Strategic Plan

"Managing growth to ensure the ongoing health and prosperity of the community".

"Providing a strong, well managed municipal government."

D. Environmental Impacts

Positive

E. Financial Impact

Positive - \$45,000, which consists of \$30,000 together with up to \$15,000 collaboration incentive funding (if applicable) as determined by the Province.

F. In Consultation With

N/A

G. Attached

Appendix "A" - Source Protection Municipal Fund Implementation Guide.
Appendix "B" - Source Protection Municipal Implementation Fund Grant Funding Agreement

Respectfully submitted,

D. Finbow
Director, Planning & Building Services

"A"

Source Protection

Municipal Implementation Fund

Guide

The goals of the Source Protection Municipal Implementation Fund are to help build municipal capacity to implement source protection plans and support sustainable, local actions to protect drinking water. This guide explains which municipalities are eligible for funding, how funding is allocated, the ways that funds can be used, and what eligible municipalities need to do to receive funds.

Ontario is committed to protecting drinking water from source to tap. The Clean Water Act, 2006 enables communities to protect their drinking water sources through the preparation of collaborative, locally developed, science-based assessment reports and source protection plans.

Municipalities have a key role to play in implementing these plans. The Source Protection Municipal Implementation Fund provides one-time funding to offset a portion of the costs for small, rural municipalities.

1. Why did my municipality receive a Grant Funding Agreement?

Municipalities that are eligible for funding have received a proposed Grant Funding Agreement from the Province. The maximum grant your municipality can receive is identified in Section 1.1 of the Grant Funding Agreement, under “Maximum Funds”. (Note that this amount includes the maximum available collaboration incentive. More details are provided under question 4 below).

2. Who is eligible for funding?

Funding is being provided to municipalities that meet all four of the following criteria:

- The municipality is located in a source protection area as defined by the Clean Water Act, 2006 ([southern Ontario map](#), [northern Ontario map](#));
- The municipality contains vulnerable areas identified by the local source protection committee (and identified in approved assessment reports) where there could be significant drinking water threats;
- 25% or more of the municipality’s population is living in a rural area, according to the [Rural and Small Community Measure](#); or the municipality’s population is under 100,000 *and* the municipality is required to implement policies pertaining to [Part IV, sections 57 and/or 58 of the Clean Water Act, 2006](#); and
- An approved or proposed source protection plan that has been submitted for approval, specifies that the municipality is required to implement one or more of the following significant drinking water threat policies:
 - Policies for the purpose of Part IV of the Clean Water Act, 2006;
 - Policies that govern Planning Act decisions;
 - Policies that establish education and outreach programs; or
 - Policies that specify other types of actions the municipality is required to take.

A list of eligible municipalities is available on the [Ministry's website](#).

3. How much funding is each municipality receiving?

In total, \$13.5 million is available through the Source Protection Municipal Implementation Fund to eligible municipalities over three years.

Funding allocations for each eligible municipality were calculated using a formula that considered:

- Each municipality's [weighted assessment per household](#);
- The number of drinking water threats in each municipality;
- The types of significant drinking water threat policies the municipality is required to implement; and
- The number of municipalities with which a municipality collaborates (i.e., collaboration incentive).

Please see Appendix A for more information on the formula.

4. How much can my municipality receive for collaborating with other municipalities?

Municipalities are encouraged to collaborate and receive up to \$15,000 additional. Your municipality can receive

one of the following amounts: \$5,000 for collaborating with one to two other municipalities; or \$10,000 for collaborating with three other municipalities; or \$15,000 for collaborating with four or more other municipalities. The incentive is available to each eligible municipality that meets the following criteria:

- Municipal collaborators are located in a source protection area and have vulnerable areas where activities could be a significant drinking water threat;
- Collaboration activities are related to the eligible activities listed in this guide and the grant funding agreement; and
- Collaboration activities take place within a reasonable time frame.

For example, collaboration could involve five municipalities working together in an arrangement where one municipality performs duties related to risk management plans on behalf of all of the municipalities.

5. How can my municipality qualify for the collaboration incentive?

To qualify for the collaboration incentive, please include a collaboration statement with your first progress report to the Province by **December 12, 2014**. The Province will determine the amount of your municipality's collaboration incentive based on the collaboration statement. The information to be included in the collaboration statement is set out in the Grant Funding Agreement.

6. For what purposes can my municipality use the funds?

Funding from the Source Protection Municipal Implementation Fund may only be used toward eligible costs related to eligible activities that your municipality undertakes to fulfill its requirements to implement significant drinking water threat policies specified in an approved or proposed source protection plan that has been submitted for approval.

Eligible Activities:

Specifically, eligible activities are those undertaken by your municipality, or on your municipality's behalf, between December 13, 2013 and December 7, 2015 that are directly related to the following:

Risk management

- Establishing and enforcing risk management plans under Part IV of the Clean Water Act, 2006;
- Communication with landowners affected by policies pertaining to Part IV of the Clean Water Act, 2006;
- Refining the number of threats within your municipality pertaining to Part IV of the Clean Water Act, 2006;

Land use policies

- Implementing your municipality's municipal land-use planning policies related to activities that are identified as significant drinking water threats;

Education and outreach

- Implementing education and outreach policies to address significant drinking water threats;

Other activities

- Working with the local source protection authority and local source protection committee to understand your municipality's requirements under the source protection plan;
- Developing and/or modifying your municipality's business processes in order to implement significant drinking water threat policies;
- Establishing processes for information sharing among municipalities and source protection authorities;
- Developing a reporting framework for your municipality that aligns with the collection of data under section 65 of Ontario Regulation 287/07, made under the Clean Water Act, 2006; and
- Other activities your municipality undertakes to fulfill its requirements to implement significant drinking water threat policies.

Ineligible Activities:

Activities for which funding from the Source Protection Municipal Implementation Fund may not be used include:

- Refining the number of threats within your municipality not pertaining to Part IV of the Clean Water Act, 2006;
- Threat refinement work already funded by the Province through source protection authorities;

- Activities that are already funded through another program, funding body, partners, or other means;
- Activities that are funded by the Source Protection Municipal Implementation Fund through another municipality;
- Fulfilment of your municipality's responsibilities as a property owner undertaking activities identified as significant drinking water threats;
- Fulfilment of your municipal responsibilities under other legislation (e.g., Building Code); and
- Activities not related to fulfilling your municipality's requirements to implement significant drinking water threat policies specified in an approved source protection plan or proposed source protection plan that has been submitted for approval.

Eligible Costs:

Eligible costs are:

- Municipal salaries and benefits, for example:
 - Hiring or re-assigning municipal staff to serve as Risk Management Officials and Risk Management Inspectors as specified under the Clean Water Act, 2006; or
 - Administrative support required to establish and/or maintain the Risk Management Office.
- Fees incurred for contracted professional services, for example:
 - Hiring a consultant to support the Risk Management Official in determining appropriate measures

the municipality should include in a risk management plan.

- Printing and distribution costs related to education and outreach programs and activities necessary to implement a source protection plan.

Ineligible costs:

Ineligible costs under the Source Protection Municipal Implementation Fund are costs related to anything other than the eligible costs identified above, for example:

- Travel, meals, accommodation and hospitality;
- Overhead (such as rent, utilities, human resources services, office supplies);
- Capital (such as vehicles, office furniture, computers, software licenses, etc.);
- Training (including staff time and contracted professional services associated with training);
- Land expropriation or purchase;
- Incentives or compensation for property owners; and
- Costs for establishing risk management plans if costs have been or will be recovered from property owners.

7. What does my municipality need to do to receive funding?

To receive funding, **two** original signed hardcopy versions of the Grant Funding Agreements and a copy of your municipality's certificate of insurance

must be received at the address below by **December 13, 2013**. Once the Province executes the Grant Funding Agreement, a copy will be sent to your municipality.

Ministry of the Environment
Source Protection Programs Branch
40 St. Clair Avenue W. 14th Floor
Toronto, ON M4V 1M2
Attn: Paul Heeney, Manager,
Source Protection Implementation

8. How should my municipality ensure value for money?

The Grant Funding Agreement requires that your municipality demonstrate value for money. Best practices in demonstrating value for money include using a competitive, fair and transparent process that considers economy and efficiency in procuring services and hiring staff (e.g., Risk Management Official). This includes, for example, obtaining three quotes to ensure that printing and distribution costs related to education and outreach programs are reasonable.

9. What will we need to report?

Your municipality will need to submit a progress report, final report and collaboration statement (if applicable) that will provide information on the progress your municipality makes as a result of the grant, including in collaborating with other municipalities. Reports will include information on how funds were spent

and an assessment of your municipality's readiness to fulfill its responsibilities under source protection plans.

The content and the timing of reports and payments for your municipality are set out in the schedules of your Grant Funding Agreement.

10. Where can my municipality find more information?

More information is available on the [ministry's website](#). You can also reach us by email or phone.

Ministry of the Environment
Public Information Centre
416-325-4000
Toll-free: 1-800-565-4923
TTY: 416-326-9236
TTY Toll-free: 1-800-515-2759

SourceProtectionFunding@Ontario.ca
(Please include the following in the subject line to help us assist you "SPMIF – Name of your Municipality")

Appendix A: Formula Description

Funding allocations for each eligible municipality were calculated using the following formula:
Grant = [Base Allocation × (Index 1 + Index 2)] + Collaboration Incentive.

1. All eligible municipalities were assigned a base allocation on a sliding scale, based on each municipality's **weighted assessment per household** (municipalities with lower values receive a higher base allocation). Base allocation funding ranges from \$15,000 to \$25,000.
2. The base allocation was then multiplied by the sum of two indices:
 - **Index 1: Existing Threat Index** (each municipality was assigned a value of 0 – 2 depending on the number of drinking water threats in the municipality specified in the assessment reports that were approved by December 2012); and

Score	Index 1: Existing Threat Index
0	0 threats
1	1-200 threats
1.5	201-500 threats
2	>500 threats

- **Index 2: Policy Index** (each municipality was assigned a value of 1 or 2 depending on the type of policies the municipality is required to implement to address significant drinking water threats as specified in an approved source protection plan or proposed source protection plan that has been submitted for approval)

Score	Index 2: Policy Index
1	Municipality is required to implement any type of significant drinking water threat policy other than policies pertaining to Part IV, sections 57 and/or 58 of the Clean Water Act, 2006
2	Municipality is required to implement significant drinking water threat policies pertaining to Part IV, sections 57 and/or 58 of the Clean Water Act, 2006; OR Municipality is required to implement significant drinking water threat policies pertaining to Part IV, sections 57 and/or 58 of the Clean Water Act, 2006 and any other type of significant drinking water threat policy.

3. After the base allocation is multiplied by the index sum, an additional collaboration incentive is available. Each eligible municipality may receive one of the following amounts: \$5,000 for collaborating with one to two other municipalities; or \$10,000 for collaborating with three other municipalities; or \$15,000 for collaborating with four or more other municipalities.

Source Protection

Municipal Implementation Fund

Guide

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**SOURCE PROTECTION MUNICIPAL IMPLEMENTATION FUND
GRANT FUNDING AGREEMENT**

THE AGREEMENT effective as of December 13, 2013 (the “Effective Date”).

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO
as represented by the Minister of the Environment

(the “**Province**”)

- and -

The Corporation of the Town of The Blue Mountains

(the “**Municipality**”)

BACKGROUND:

The Province funds projects similar to the Project, defined in Article 1.

As described in Schedule A, the Source Protection Municipal Implementation Fund provides one-time funding to offset a portion of the costs for small, rural municipalities in preparing to implement and implementing source protection plans.

The Municipality requires funding from the Province to assist the Municipality in carrying out the Project and the Province wishes to provide such funds.

CONSIDERATION:

In consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are expressly acknowledged, the parties agree as follows:

ARTICLE 1
DEFINITIONS

1.1 In the Agreement, the following terms shall have the following meanings:

“**Agreement**” means this agreement entered into between the Province and the Municipality and includes all of the schedules listed in section 19.1 and any amendments.

“**Conflict of Interest**” includes any circumstances where in relation to its performance

under the Agreement, the Municipality's or its officers, employees or agents other commitments, relationships or financial interests could, or could be seen to, interfere with the Municipality's objective, unbiased and impartial judgment relating to the Project and the use of the Funds or could, or could be seen to, compromise, impair or be incompatible with the effective performance of its contractual obligations.

"Funds" means the money the Province provides to the Municipality pursuant to the Agreement.

"Indemnified Parties" means her Majesty the Queen in right of Ontario, her ministers, agents, appointees and employees.

"Maximum Funds" means a total amount of up to \$45,000 which consists of \$30,000 together with up to \$15,000 collaboration incentive funding (if applicable) as determined by the Province pursuant to section 3.1(a).

"Project" means any of the eligible activities described in section B.1 of Schedule "B" undertaken by the Municipality.

ARTICLE 2 TERM OF THE AGREEMENT

- 2.1 The term of the Agreement shall commence on the Effective Date and shall expire on March 31, 2016 unless terminated earlier pursuant to Article 9. The Municipality shall, upon expiry or termination of the Agreement, return to the Province any Funds remaining in its possession or under its control.

ARTICLE 3 FUNDS AND CARRYING OUT THE PROJECT

- 3.1 The Province shall:
- (a) based upon the Province's assessment of the information provided by the Municipality in the collaboration statement set out in Schedule "D", determine the exact amount of the \$15,000 collaboration incentive funding which will form part of the Maximum Funds and provide notification of that exact amount to the Municipality;
 - (b) provide the Municipality up to the Maximum Funds for the purpose of carrying out the Project; and
 - (c) provide the Funds to the Municipality in accordance with the payment schedule attached to the Agreement as Schedule "C" or at any other time for any reason in the sole discretion of the Province.

3.2 Despite section 3.1 the Province:

- (a) is not obligated to provide instalments of Funds until it has approved the reports as set out in Schedule “C”;
- (b) may adjust the amount of Funds it provides to the Municipality based upon the Province’s assessment of the information provided by the Municipality pursuant to section 6.1.

3.3 The Municipality shall:

- (a) carry out the Project in accordance with the terms and conditions of the Agreement and in compliance with all federal and provincial laws and regulations, all municipal by-laws, and any other orders, rules and by-laws related to any aspect of the Project;
- (b) use the Funds only for the purpose of carrying out the Project;
- (c) subject to section 3.3 (d), spend the Funds only on eligible costs and eligible activities as set out in Schedule “B”; and
- (d) notwithstanding anything else in this Agreement, not spend the Funds on any ineligible activities or ineligible costs as set out in Schedule “B”.

3.4 The Municipality shall not make any changes to the Project without the prior written consent of the Province.

3.5 The Municipality acknowledges that the Funds available to it from the Province pursuant to the Agreement shall not exceed the Maximum Funds. The Municipality undertakes to incur all costs associated with the Project should it exceed the Maximum Funds.

3.6 The Province is not the owner of any intellectual property generated as a result of the Agreement.

ARTICLE 4
ACQUISITION

4.1 The Municipality agrees that if it buys any supplies, equipment or services with the Funds, it will ensure the best value for money.

ARTICLE 5
CONFLICT OF INTEREST

5.1 The Municipality shall avoid any Conflict of Interest in the performance of this Agreement and shall disclose to the Province, without delay, any actual or potential Conflict of Interest.

ARTICLE 6
REPORTING, ACCOUNTING AND REVIEW

- 6.1 The Municipality shall submit to the Province all reports set out in Schedule “D” or any other reports as required by the Province. All reports will be approved by the Province.
- 6.2 The Province, its authorized representatives or an independent auditor identified by the Province may, at its own expense, upon twenty-four hours’ notice to the Municipality and during normal business hours, enter upon the Municipality’s premises to review the progress of the Project and the Municipality’s expenditure of the Funds and, for these purposes, the Province, its authorized representatives or an independent auditor identified by the Province may:
- (a) inspect and copy any financial records (including invoices) and non-financial documents and records relating to the Funds or otherwise to the Project; and
 - (b) conduct an audit or investigation of the Municipality in respect of the expenditure of the Funds and/or the Project.
- 6.3 To assist in respect of the rights set out in section 6.2, the Municipality shall disclose any information requested by the Province, its authorized representatives or an independent auditor identified by the Province, and shall do so in a form requested by the Province, its authorized representatives or an independent auditor identified by the Province, as the case may be.

ARTICLE 7
LIMITATION OF LIABILITY AND INDEMNITY

- 7.1 The Province’s officers, employees and agents shall not be liable to the Municipality or any of the Municipality’s personnel for costs, losses, claims, liabilities and damages howsoever caused (including any incidental, indirect, special or consequential damages, injury or any loss of use or profit of the Municipality) arising out of or in any way related to the Project or otherwise in connection with the Agreement, unless solely caused by the negligence or wilful misconduct of the Province’s officers, employees and agents.
- 7.2 The Municipality shall indemnify and hold harmless the Indemnified Parties from and against any and all liability, loss, costs, damages and expenses (including legal, expert and consultant fees), causes of action, actions, claims, demands, lawsuits or other proceedings, by whomever made, sustained, incurred, brought or prosecuted, in any way arising out of or in connection with the Project or otherwise in connection with the Agreement, unless solely caused by the negligence or wilful misconduct of the Province and its agents, appointees and employees.

ARTICLE 8
INSURANCE

- 8.1 **Municipality's Insurance.** The Municipality represents and warrants that it has, and shall maintain for the term of the Agreement, at its own cost and expense, with insurers having a secure A.M. Best rating of B+ or greater, or the equivalent, all the necessary and appropriate insurance that a prudent person carrying out a project similar to the Project would maintain, including commercial general liability insurance on an occurrence basis for third party bodily injury, personal injury and property damage, to an inclusive limit of not less than two million dollars (\$2,000,000) per occurrence. The policy shall include the following:
- (a) the Indemnified Parties as additional insureds with respect to liability arising in the course of performance of the Municipality's obligations under, or otherwise in connection with, the Agreement;
 - (b) a cross-liability clause;
 - (c) contractual liability coverage; and
 - (d) a 30 day written notice of cancellation, termination or material change.
- 8.2 The Municipality shall provide the Province with certificates of insurance, or other proof as may be requested by the Province, that confirms the insurance coverage as provided for in section 8.1. Upon the request of the Province, the Municipality shall make available to the Province a copy of each insurance policy.

ARTICLE 9
TERMINATION

- 9.1 The Province in its sole discretion, without liability, cost or penalty, and without prejudice to any other rights or remedies of the Province under this Agreement or at law or in equity, may terminate the Agreement at any time, for any reason, upon giving at least 15 days notice to the Municipality.
- 9.2 If the Province terminates the Agreement, the Province may (i) demand the repayment of any Funds remaining in the possession or under the control of the Municipality and/or (ii) determine the reasonable costs for the Municipality to wind down the Project, and permit the Municipality to offset those wind down costs against any amount owing pursuant to (i); and/or (iii) subject to section 3.5, provide Funds to the Municipality to cover those wind down costs.

ARTICLE 10
REPAYMENT

- 10.1 If, pursuant to the provisions of the *Financial Administration Act* (Ontario), the Province does not receive the necessary appropriation from the Ontario Legislature for payment under the Agreement, the Province is not obligated to make any such payment, and, as a consequence, the Province may (i) reduce the amount of the Funds and, in consultation with the Municipality, change the Project or (ii) immediately terminate the Agreement. If the Province terminates the Agreement, the Province may (i) cancel all further instalments of Funds, and/or (ii) demand repayment as set out in Section 9.2(i) and/or (iii) determine reasonable costs as set out in Section 9.2(ii) and/or section 9.2(iii).
- 10.2 If in the sole opinion of the Province, the Municipality breaches any representation, warranty, covenant or other material term of the Agreement, fails to carry out the Project, fails to provide reports or improperly uses or spends Funds, the Province may (i) demand the repayment of any Funds remaining in the possession or under the control of the Municipality, (ii) demand the repayment of an amount equal to any Funds the Municipality used, but did not use in accordance with the Agreement, and/or (iii) demand the repayment of an amount equal to any Funds the Province provided to the Municipality.
- 10.3 If the Municipality fails to pay any amount demanded by the Province, the Municipality acknowledges and agrees that the Province may deduct any unpaid amount from any money payable to the Municipality by the Province, or may exercise any other remedies available to the Province to collect the unpaid amounts.
- 10.4 The Municipality shall pay any money owing to the Province by cheque payable to the "Ontario Minister of Finance" and mailed to the Province at the address provided in section 11.1

ARTICLE 11
NOTICE

- 11.1 Notice shall be in writing and shall be delivered by email, postage-prepaid mail, personal delivery or fax, and shall be addressed to the Province and the Municipality respectively as set out below, or as either party later designates to the other by notice:

To the Province:

Ministry of the Environment
40 St. Clair Ave. West,
14th Floor
Toronto, ON M4V 1M2

Attention: Manager,
Source Protection Implementation, Source Protection Programs Branch

Fax: 416-212-2757
Email: SourceProtectionFunding@ontario.ca

To the Municipality:

insert name of Municipality
address

Attention: person's name and position

Fax: fill in
Email: fill in

- 11.2 Notices shall be deemed to have been received (a) in the case of postage-prepaid mail, 7 days after a party mails the notice; or (b) in the case of email, personal delivery or fax, at the time the other party receives the notice. In the event of a postal disruption, notice by postage-prepaid mail shall not be deemed to be received and the party giving notice shall provide notice by email, personal delivery or by fax.

ARTICLE 12
MUNICIPALITY'S POWER TO ENTER INTO AGREEMENT

- 12.1 The Municipality represents and warrants that it has the full power and authority to enter into the Agreement.

ARTICLE 13
SEVERABILITY OF PROVISIONS

- 13.1 The invalidity or unenforceability of any provision of the Agreement shall not affect the validity or enforceability of any other provision of the Agreement. Any invalid or unenforceable provision shall be deemed to be severed.

ARTICLE 14
WAIVER

- 14.1 If a party fails to comply with any term of the Agreement, that party may only rely on a waiver of the other party if the other party has provided a written waiver in accordance with the notice provisions in Article 11. Any waiver must refer to a specific failure to comply and shall not have the effect of waiving any subsequent failures to comply.

ARTICLE 15
INDEPENDENT PARTIES

- 15.1 The Municipality acknowledges that it is not an agent, joint venturer, partner or employee of the Province, and the Municipality shall not take any actions that could establish or imply such a relationship.

ARTICLE 16
GOVERNING LAW

- 16.1 The Agreement and the rights, obligations and relations of the parties shall be governed by and construed in accordance with the laws of the Province of Ontario and the applicable federal laws of Canada. Any actions or proceedings arising in connection with the Agreement shall be conducted in Ontario.

ARTICLE 17
FORCE MAJEURE

- 17.1 Neither party shall be liable for damages caused by delay or failure to perform its obligations under the Agreement where such delay or failure is caused by an event beyond its reasonable control.

ARTICLE 18
SURVIVAL

- 18.1 The provisions in Article 1, any other applicable definitions, sections 3.1(b), 3.1 (c), 6.1 (to the extent that the Municipality has not provided the reports to the satisfaction of the Province), 6.2, 6.3, Article 7, Section 9.2, Articles 10, 11, 13, 16, 18, 19, and 20, and all applicable cross-referenced provisions and schedules shall continue in full force and effect for a period of 7 years from the date of expiry or termination of the Agreement.

ARTICLE 19
SCHEDULES

- 19.1 The Agreement includes the following schedules: (a) Schedule "A" – Background and Objectives; (b) Schedule "B" – Eligible Costs and Activities; (c) Schedule "C" - Payment; and (d) Schedule "D" - Reports.

ARTICLE 20
ENTIRE AGREEMENT

- 20.1 The Agreement constitutes the entire agreement between the parties with respect to the subject matter contained in the Agreement and supersedes all prior oral or written representations and agreements.
- 20.2 The Agreement may only be amended by a written agreement duly executed by the parties.

The parties have executed the Agreement as of the Effective Date.

**HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO
as represented by the Minister of the Environment**

Name: Ling Mark
Title: Director,
Source Protection Programs Branch
Pursuant to delegated authority

Date: _____

The Corporation of the Town of The Blue Mountains

Name:
Title:
Date: _____

Name:
Title:
Date: _____

I/We have authority to bind the Municipality.

SCHEDULE "A"

BACKGROUND AND OBJECTIVES

A.1 BACKGROUND

Ontario is committed to protecting drinking water from source to tap. The *Clean Water Act, 2006* enables communities to protect their drinking water sources through the preparation of collaborative, locally developed, science-based assessment reports and source protection plans.

Municipalities have a key role to play in implementing these plans. On May 2, 2013 the Province announced, as part of the 2013 Ontario Budget, an investment to help support small municipalities protect existing and future sources of drinking water. The Source Protection Municipal Implementation Fund provides one-time funding to offset a portion of the costs for small, rural municipalities.

A.2 FUND OBJECTIVES

A.2.1 Source Protection Municipal Implementation Fund Objective and Goals

The objective of the Source Protection Municipal Implementation Fund is to provide funding to assist small, rural municipalities in fulfilling policy obligations for significant drinking water threats as specified in an approved or proposed source protection plan that has been submitted for approval.

Those with policy obligations under source protection plans, including municipalities, are required to undertake preparatory activities such as acquiring the necessary resources (human, financial and technical) to position themselves to deliver on their obligations under the *Clean Water Act, 2006* and source protection plans.

The goals of the Source Protection Municipal Implementation Fund are to help build municipal capacity to implement source protection plans; and support sustainable, local actions to protect drinking water.

A.2.2 Project Objectives

The objectives of the Project are for the Municipality to use the Funds toward fulfilling their responsibility to implement one or more of the following significant drinking water threat policies in an approved or proposed source protection plan that has been submitted for approval:

- Policies for the purpose of Part IV of the *Clean Water Act, 2006*;
- Policies that govern *Planning Act* decisions;
- Policies that establish education and outreach programs; or
- Policies that specify other types of actions the municipality is required to take.

A.3 COLLABORATION INCENTIVE

To support the development of sustainable, local actions to protect drinking water and to help increase collaboration efforts among municipalities, up to \$15,000 in funding from the Source Protection Municipal Implementation Fund is available to each eligible municipality that collaborates with other municipalities. The Maximum Funds amount referenced in Article 1 includes the amount of up to \$15,000. As set out in section 3.1(a), the Province will determine the exact amount of the collaboration incentive funding based on the information set out in the collaboration statement referred to in Schedule "D." In order to receive any of the \$15,000, the Municipality must complete the collaboration statement and provide it to the Province by the due date shown in Schedule "D". The Province will subsequently notify the Municipality of the amount of collaboration incentive funding the Municipality is entitled to, based on the collaboration statement.

The Municipality's eligibility for this collaboration incentive funding is dependent upon the number of other municipalities that the Municipality has joined with to perform the Project. The Municipality may receive one of following amounts: \$5,000 for collaborating with one to two other municipalities; or \$10,000 for collaborating with three other municipalities, or \$15,000 for collaborating with four or more other municipalities.

To be eligible for this collaboration incentive funding, the Municipality must meet the following criteria:

- a) Municipal collaborator(s) are located in a source protection area and have vulnerable areas where activities could be a significant drinking water threat;
- b) Collaboration activities are related to the eligible activities listed in Schedule "B," section B.1; and
- c) Collaboration activities must take place within a reasonable time frame.

SCHEDULE "B"

ELIGIBLE COSTS AND ACTIVITIES

B.1 Eligible Activities

The Municipality may only spend the Funds on the following eligible activities undertaken by the Municipality, or are undertaken on the Municipality's behalf, between December 13, 2013 and December 7, 2015 that are directly related to the following:

Risk management

- a) Establishing and enforcing risk management plans under Part IV of the *Clean Water Act, 2006*;
- b) Communication with landowners affected by policies pertaining to Part IV of the *Clean Water Act, 2006*;
- c) Refining the number of threats within the Municipality pertaining to Part IV of the *Clean Water Act, 2006*;

Land use policies

- d) Implementing the Municipality's municipal land-use planning policies related to activities that are identified as significant drinking water threats;

Education and outreach

- e) Implementing education and outreach policies to address significant drinking water threats;

Other activities

- f) Working with the local source protection authority and local source protection committee to understand the Municipality's requirements under the source protection plan;
- g) Developing and/or modifying the Municipality's business processes in order to implement significant drinking water threat policies;
- h) Establishing processes for information sharing among municipalities and source protection authorities;
- i) Developing a reporting framework for the Municipality that aligns with the collection of data under section 65 of Ontario Regulation 287/07, made under the *Clean Water Act, 2006*; and
- j) Other activities the Municipality undertakes to fulfill its requirements to implement

significant drinking water threat policies.

B.2 Ineligible Activities

The following activities are not eligible for funding under the Agreement and the Municipality may not spend the Funds on the following:

- a) Refining the number of threats within the Municipality not pertaining to Part IV of the *Clean Water Act, 2006*;
- b) Threat refinement work already funded by the Province through source protection authorities;
- c) Activities that are already funded through another program, funding body, partners, or other means;
- d) Activities that are funded by the Source Protection Municipal Implementation Fund through another municipality;
- e) Fulfilment of the Municipality's responsibilities as a property owner undertaking activities identified as significant drinking water threats;
- f) Fulfilment of the Municipality's responsibilities under other legislation (e.g., Building Code); and
- g) Activities not related to fulfilling the Municipality's requirements to implement significant drinking water threat policies specified in an approved or proposed source protection plan that has been submitted for approval.

B.3 Eligible Costs

The eligible costs listed below must be directly related to the source protection implementation activities outlined in B.1:

- a) Municipal staff salaries and benefits for time spent working on the Project (such as hiring or re-assigning Municipal staff to serve as Risk Management Officials and Risk Management Inspectors as specified under the *Clean Water Act, 2006*; or administrative support required to establish and/or maintain the Risk Management Office);
- b) Fees incurred for contracted professional services from professionals, technical personnel, consultants, and contractors for work on the Project (such as hiring a consultant to support the Risk Management Official in determining appropriate measures the Municipality should include in a risk management plan); and
- c) Printing and distribution costs related to education and outreach programs and activities necessary to implement a source protection plan.

B.4 Ineligible Costs

The following costs are not eligible for funding under the Agreement and the Municipality may not spend the Funds on the following:

- a) Travel, meals, accommodation and hospitality;
- b) Overhead (such as rent, utilities, human resources services, office supplies);
- c) Capital (such as vehicles, office furniture, computers, software licenses, etc.);
- d) Training (including staff and contracted professional services associated with training);
- e) Land expropriation or purchase;
- f) Incentives or compensation for property owners; and
- g) Costs for establishing risk management plans if costs have been or will be recovered from property owners.

SCHEDULE "C"

PAYMENT

MILESTONE	AMOUNT
Following Province execution of Agreement	\$18,493
Following Province approval of progress report as indicated in Schedule D (if applicable)	\$0
Following Province approval of collaboration statement as indicated in Schedule D (if applicable)	Up to \$15,000 as determined by the Province (see Schedule "A," section A.3)
Following Province approval of final report as indicated in Schedule D	\$11,507

SCHEDULE "D"

REPORTS

Name of Report	Due Date
1. Collaboration Statement (if applicable)	December 12, 2014
2. Progress Report	December 12, 2014
3. Final Report	December 11, 2015
4. Other Reports as specified from time to time	On a date or dates specified by the Province.

Report Details

1. The Municipality will use the collaboration statement template to set out the following:
 - (i) A brief description of the collaboration activities, the municipalities that are collaborating, and the lead organization for each activity;
 - (ii) the policies that the activities are supporting;
 - (iii) the timelines for each activity; and
 - (iv) the contact information and signatures of the collaborating municipalities.

2. The Municipality will use the progress report template which will set out the following:
 - (i) actions undertaken to the date of the report in relation to the eligible activities and related expenditures outlined in Schedule "B", sections B.1 and B.3;
 - (ii) information on general progress under the Project, including how it is meeting the Project objectives outlined in Schedule "A", section A.2.2;
 - (iii) an assessment of the Municipality's readiness to fulfill its responsibilities under the source protection plan(s); and
 - (iv) an attestation confirming that all Project expenditures were spent in accordance with Schedule "B" and confirming the Project is in compliance with the terms and conditions of the Agreement signed by the Chief Administrative Officer, or equivalent unless otherwise agreed to by the Province.

3. The Municipality will use the final report template which will include the following:

- (i) a final description of the actions undertaken in relation to the eligible activities and related expenditures outlined in Schedule “B”, sections B.1 and B.3;
- (ii) information on all progress under the Project, including a confirmation that the Project objectives outlined in Schedule “A”, section A.2.2 were met;
- (iii) a final assessment of the Municipality’s readiness to fulfill its responsibilities under the source protection plan(s);
- (iv) an attestation confirming that all Project expenditures were spent in accordance with Schedule “B” and confirming the Project is in compliance with the terms and conditions of the Agreement signed by the Chief Administrative Officer, or equivalent unless otherwise agreed to by the Province;
- (v) a description of the status of the progress made as a result of the collaboration activities, including any variance from the information provided in the collaboration statement; and
- (vi) an accounting of any unspent Funds and an explanation as to why there are remaining Funds.

4. Other Reports :

- (i) the Province will specify the timing and content of any other Reports as may be necessary.