

QUEEN
D.R. HC LIBRARY
SHE 117 J.M. 27
DOC .05
BOX S84 283
1975



Regional
Economic
Expansion

Expansion
Économique
Régionale

INDUSTRY, SCIENCE
AND TECHNOLOGY CANADA
LIBRARY
APR 29 1992
BIBLIOTHÈQUE
INDUSTRIE, SCIENCES
ET TECHNOLOGIE CANADA

DRYDEN

CANADA/ ONTARIO



MARCH 24, 1975

subsidiary agreement

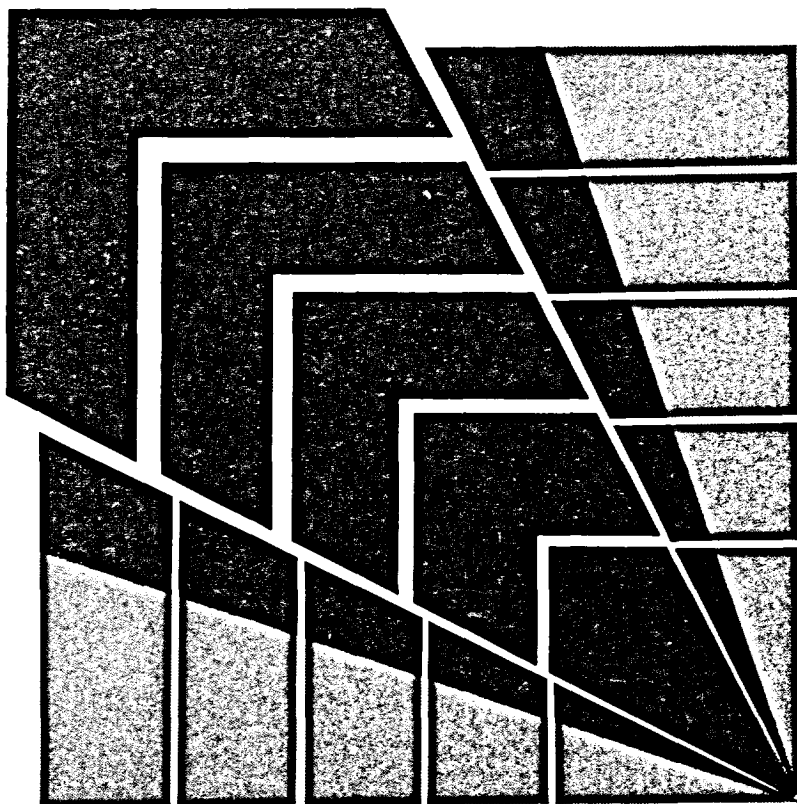


Regional
Economic
Expansion

Expansion
Économique
Régionale

DRYDEN

CANADA/ ONTARIO



MARCH 24, 1975

CANADA-ONTARIO
SUBSIDIARY AGREEMENT
DRYDEN DEVELOPMENT INFRASTRUCTURE

THIS AGREEMENT made this 24th day of March, 1975

BETWEEN:

THE GOVERNMENT OF CANADA
(hereinafter referred to as "Canada"),
represented by the Minister of
Regional Economic Expansion,

OF THE FIRST PART,

AND:

THE GOVERNMENT OF THE PROVINCE
OF ONTARIO (hereinafter referred to
as "the Province"), represented by
the Treasurer of Ontario and Minister
of Economics and Intergovernmental
Affairs,

OF THE SECOND PART.

WHEREAS Canada and the Province have signed a General Development Agreement dated February 26, 1974, (hereinafter referred to as "the GDA") to achieve the objectives stated in section 3 thereof;

AND WHEREAS in pursuit of those objectives, Canada and the Province have agreed to seek to achieve a coordinated application of relevant federal and provincial policies and programs through the process of identifying development opportunities and assisting in their realization through the coordinated and concentrated application of relevant federal and provincial programs, including the provision of specialized measures required for such realization;

AND WHEREAS Canada and the Province agree that the objectives of this Agreement shall be consistent with the objectives stated in section 3 of the GDA and those of the Province as stated in the document entitled "Design for Development: Northwestern Ontario Region - Phase 2: Policy Recommendations";

AND WHEREAS the Governor in Council by Order in Council P.C. 1975-18/578 of the 18th day of March, 1975, has authorized the Minister of Regional Economic Expansion to execute this Agreement on behalf of Canada;

AND WHEREAS the Lieutenant Governor in Council by Order in Council 706-75 of the 12th day of March, 1975, has authorized the Treasurer of Ontario and Minister of Economics and Intergovernmental Affairs to execute this Agreement on behalf of the Province;

NOW THEREFORE the parties hereto mutually agree as follows:

DEFINITIONS

1. In this Agreement:

- (a) "eligible costs of the project" means those costs defined in subsection 5(1);
- (b) "Federal Minister" means the Minister of Regional Economic Expansion of Canada and includes anyone authorized to act on his behalf;
- (c) "fiscal year" means the period commencing on April 1 of any year and terminating on March 31 of the immediately following year;
- (d) "initiative" means initiative as defined in clause (d) of section 1 of the GDA;
- (e) "Management Committee" means the committee referred to in subsection 6(1);
- (f) "Ministers" means the Federal Minister and the Provincial Minister;
- (g) "program" means a general development undertaking composed of one or more projects as listed in Schedule "A";
- (h) "project" means a subdivision of a program as set out in Schedule "A";
- (i) "Provincial Minister" means the Treasurer of Ontario and Minister of Economics and Intergovernmental Affairs and includes anyone authorized to act on his behalf; and
- (j) "Subsidiary Agreement" means an agreement made pursuant to section 6 of the GDA.

BACKGROUND

2. (1) Although Ontario ranks among the most prosperous of the ten provinces from the standpoint of aggregate indicators of economic wealth, such measures fail to reflect the significant disparities in economic terms among Ontario's five Planning Regions. In fact, a large part of Northern Ontario has not kept pace with the province, nor with Canada generally, from a development point of view.
- (2) In Northwestern Ontario, in particular, the range of economic activities is comparatively narrow, consisting mainly of the exploitation and export of forest and mineral resources. Despite the prominence of these resources, the relative lack of processing and service operations acts as a serious constraint on the number and range of income and employment opportunities and leads to the instability associated with single-industry communities.
- (3) Many communities in the Northwest are heavily dependent upon a very limited number of economic pursuits, and are extremely sensitive to market fluctuations in the forest and other resource sectors. The purchasing power in many of these communities is often insufficient to attract supporting industries, and distances and linkages within the regional market are not conducive to the achievement of minimum costs and economies of scale. Labour markets also tend to be limited to a given community and its immediate vicinity.
- (4) Consequently, these circumstances have generated a rate of population growth which is approximately one-fourth the provincial figure, a below-average rate of labour force participation, particularly among women, and a rate of out-migration which almost equals the natural population increase.
- (5) These problems have been recognized in Northwestern Ontario through the signing of the Northwestern Ontario Subsidiary Agreement which provides for the joint participation of Canada and the Province in selective measures to increase the number and range of viable employment opportunities. One of the measures to be employed in this regard is the strengthening of Northwestern Ontario's primate centre and the several strategic centres, as identified in "Design for Development: Northwestern Ontario Region - Phase 2: Policy Recommendations". A key step in buttressing the role of

a strategic community is the provision of development infrastructure assistance as required.

- (6) Located within the Northwestern Ontario Planning Region is the Central Patricia area which encompasses approximately 22,000 square miles and is part of the Kenora Territorial District: for development purposes, Central Patricia has been delineated as that area situated west of the Thunder Bay District and north of the Rainy River District, extending to about the 51st parallel and west to the Lake of the Woods District. It includes the communities of Dryden, Red Lake, Sioux Lookout, Ignace and Pickle Lake.
- (7) This Central Patricia development area is an important region for two of Northwestern Ontario's major resource industries, viz., forest products and mining, which are presently undergoing substantial expansion. In the next few years, total new investment in this area may exceed \$1.3 billion, resulting in as many as 4,000 new jobs in forest and mineral resource development. Among the more significant industrial possibilities are four forest-based projects in the vicinity of Dryden and Red Lake Road-Ear Falls which represent approximately \$25 million in capital investment and 555 new jobs. These projects involve offers under the federal Regional Development Incentives Act (RDIA) totalling \$2.67 million.
- (8) The Town of Dryden, identified as one of the strategic centres for the Northwestern Ontario Region, was not included in the Northwestern Ontario Subsidiary Agreement. The major economic activity in Dryden is pulp and paper making, although the town has actively promoted its role as a service and distribution centre and, in general, as a focal point for the large surrounding area. This role is supported by the excellent transportation linkages between Dryden and other communities in the region and also major centres beyond its boundaries. It was, in fact, this central role which in part contributed to Dryden's designation as a strategic "A" centre in the Province's Design for Development Program.
- (9) As the focal point for economic development within Central Patricia, the Town of Dryden faces a significant development opportunity resulting, in part, from the 250 new jobs being created in the municipality for a new sawmill and a modernized and expanded chlor-alkali chemical plant. In addition, the pulp mill in Dryden is to be expanded.

- (10) Traditionally, Dryden has been heavily dependent upon the forest resource sector as its major source of employment and municipal tax revenue. With the significant new resource developments now underway or anticipated in Central Patricia, the town's strategic location on major road, rail and air transportation routes is expected to induce greater commercial activity locally and an expanded service sector.
- (11) While population growth in Dryden has lagged over the last five years owing to a cyclical downturn in the forest products sector, growth over the post-war period as a whole has been substantial, with the population increasing from 2,600 in 1951 to 6,900 by 1971. With new resource developments and their resulting multiplier effects on tertiary sector development, the near-term population increase is projected to be between 2,500 and 3,500.
- (12) The existing housing supply in Dryden is inadequate to meet present and future needs. Until recently, uncertainties in the pulp and paper industry have left many developers reluctant to build in a community so heavily dependent upon this single source of employment. Also, problems with the town's water supply have made serviced lots scarce and costly. Efficient land use has been further reduced by the height restrictions on new buildings imposed in 1968 in accordance with recognized fire protection standards. These restrictions reflect the inadequate capacity of the existing water supply system. High construction and servicing costs and the current shortage of serviced land have sharply limited the supply of new housing and present a serious constraint to economic growth.
- (13) Large-scale capital projects must now be undertaken by the municipality in order to correct existing problems and provide the infrastructure and services required to accommodate a significantly increased population. Due to the magnitudes of the projects needed and the relatively short timeframes available for their completion, they are, to a large extent, beyond Dryden's financial capability.
- (14) Dryden's water supply and treatment facilities are inadequate to meet existing needs. In addition, the current water supply is of poor quality necessitating high levels of chlorination to meet health standards. A new, resituated water supply line in conjunction with new treatment facilities and a 1.7 million gallon

reservoir will substantially improve water quality and provide an adequate supply to meet the needs of a population of up to 11,000.

- (15) A shortage of serviced land for new residential and commercial development presently exists within the municipality. With the anticipated influx of new population, the construction of an additional trunk sanitary sewer collector will enable Dryden to service immediately a 100-acre tract of land for new housing and an additional 30 acres for commercial development. The construction of the proposed line will also enable the eventual servicing of approximately 300 acres of new land.
- (16) Financial support by Canada and the Province for the projects outlined in Schedule "A" of this Agreement reflects the announced intent by Anglo-Canadian Pulp and Paper Mills Limited to proceed with the three industrial projects indicated in subsection 2(9).
- (17) In addition to the projects covered under the terms of this Agreement, the assistance provided by Canada and the Province will improve the fiscal flexibility of the municipality enabling it to undertake other measures needed to meet growing infrastructure requirements over the next few years. Contingent upon financial support by Canada and the Province for the water system improvements and the sanitary trunk sewer project, it is the intent of Dryden, as expressed in a resolution by the Municipal Council on October 22, 1974, to proceed with additional infrastructure and community projects representing approximately \$5.2 million in capital expenditures. These projects include expanding the capacity of the existing sewage treatment plant, the provision of municipal services to two municipally-owned subdivisions (including sanitary and storm sewers, water mains, and paved streets), and construction of a recreational complex to improve the local social environment.

OBJECTIVES

3. (1) This Agreement provides for the joint participation of Canada and the Province in projects directed towards the attainment of the objectives of the GDA and which are consistent with the goals and recommendations set out in the Province's policy statement, "Design for Development: Northwestern Ontario Region - Phase 2: Policy Recommendations".

(2) Canada and the Province agree to cooperate in the launching of measures which support significant increases in the number and range of viable employment and income opportunities in the Central Patricia development area by enabling the Town of Dryden to fulfill its strategic role in the economic development of Northwestern Ontario. These measures consist of selective improvements to the town's infrastructure and are intended to achieve the following specific objectives:

- (a) reinforcing a strategic centre and major transportation mode within Central Patricia; and
- (b) providing an environment suitable for stable economic and social development.

SUBJECT MATTER

4. (1) Schedule "A" attached to and forming part of this Agreement identifies the projects that the Province shall arrange to have carried out under this Agreement. The projects, the costs of which are specified in Schedule "A", can be described briefly as follows:
- (a) constructing a new water intake and treatment plant which will enable the servicing of a population of up to 11,000 people; and
 - (b) constructing a sanitary sewer collector which will enable the immediate servicing of two new municipally-owned subdivisions needed for residential and commercial development, and further facilitate the planned servicing of an additional 300 acres.
- (2) (a) The Province shall forthwith arrange for the takeover and acquisition of all lands and interests in lands that are required for the said projects it shall arrange to have undertaken.
- (b) The Province shall arrange to have undertaken during the term of this Agreement the projects listed in Schedule "A".
- (c) The Province shall arrange to have taken over, on completion, the projects it has arranged to have undertaken during the course of this Agreement, and shall arrange for their operation, maintenance and repair.

- (3) Unless the Federal Minister otherwise agrees, Canada will not be responsible for any expenditures incurred with respect to the projects listed in Schedule "A" after the termination date of this Agreement, nor shall Canada pay any claim which is not received within twelve months after the said termination date.

FINANCIAL PROVISIONS

5. (1) The eligible costs to be financed or shared under this Agreement by Canada in respect of the program outlined in Schedule "A" shall consist of all direct costs, including those relating to public information but excluding administration, survey, engineering and architecture costs, that in the opinion of the Management Committee have been reasonably and properly incurred for the implementation of the program by the Province; plus ten per cent (10%) of these costs as an allowance towards the exclusions specified herein.
- (2) The costs to be financed by Canada do not include any costs relating to the acquisition of lands or interests in lands, or costs arising from the conditions of acquisition.
- (3) Unless otherwise agreed by the Ministers, the eligible costs of each project shall be limited to the estimated costs specified in Schedule "A".
- (4) If, at any stage of a project, it appears to the Province that the costs thereof will exceed the estimated costs specified in Schedule "A", the Province shall promptly so inform the Management Committee and state the reasons for such increase.
- (5) Upon being so informed, the Management Committee shall consider the circumstances which have contributed to the increase in the estimated costs and shall prepare and present a report and recommendations to the Ministers in respect of the action proposed to be taken. The report of the Management Committee shall include the following:
 - (a) a statement of the amount by which the estimated costs are exceeded;
 - (b) a statement of the reasons why the estimated costs are exceeded;

- (c) a recommendation as to whether or not the amount by which the estimated costs are exceeded should be adjusted between the parties to this Agreement;
 - (d) a recommendation as to the amount or the proportion of the total amount to be paid by each party where an adjustment is made; and
 - (e) such further information or recommendations as may be necessary to determine the action proposed to be taken.
- (6) Notwithstanding anything in this Agreement, the amount payable by Canada with respect to the projects listed in Schedule "A" shall be fifty per cent (50%) of the total eligible costs up to an amount of \$1,600,498, which amount includes a contingency allowance of fifteen per cent (15%).
- (7) Subject to the approval of the Federal Minister, costs incurred on approved programs and projects by either party are eligible if incurred within twelve months prior to the date of this Agreement.

ADMINISTRATION AND MANAGEMENT

6. (1) Each of the Ministers shall designate one or more senior representatives to be responsible for the administration of this Agreement. These representatives shall constitute the Management Committee. There shall be an equal number of representatives from each of the two parties to this Agreement on the Management Committee. The functions of this Committee shall be to establish a definition of each project specified in Schedule "A", to oversee the implementation of the projects, and to fulfill the responsibilities identified for the Management Committee elsewhere in this Agreement. The Federal Minister and the Provincial Minister shall respectively appoint one Federal and one Provincial official from the members of the Management Committee to act as co-chairmen.
- (2) The Management Committee shall submit for the approval of the Ministers on or before each of the Ministers' annual meetings, as prescribed under subsection 9.1 of the GDA, an assessment of the progress being made in implementing this Agreement, the continuing relevance of the projects listed in Schedule "A" in achieving the specified objectives, and the budget estimates for the subsequent fiscal year.

- (3) Canada and the Province agree to provide the Management Committee with all information necessary for the performance of its function.

PAYMENT PROCEDURES

7. (1) Payment by Canada shall be promptly made to the Province on the basis of progress claims setting out the costs actually incurred and paid for the projects, and submitted in a form and verified in a manner satisfactory to the Federal Minister.
 - (2) (a) In order to assist in the interim financing of Canada's share of the projects, Canada shall, if the Province so requests, make an interim payment for the amount of funds required for the remainder of the quarter of the fiscal year in which a project is approved, based on a forecast of the cash requirements for that quarter prepared by the Province and approved by the Management Committee in a form satisfactory to the Federal Minister.
 - (b) In each subsequent quarter of the fiscal year, a further interim payment shall be made to finance Canada's share of expenditures in the quarter in connection with the approved project, upon request by the Province submitted in a form satisfactory to the Federal Minister and approved by the Management Committee, based upon a forecast of the cash requirements for the quarter taking into account the status of the previous quarter's interim payment.
 - (c) The Province shall account for each such interim payment by promptly submitting to Canada by no later than the end of the following quarter detailed claims covering the costs actually incurred and paid, verified in a manner satisfactory to the Federal Minister. Any discrepancy between the amounts paid by Canada by way of interim payments and the amounts actually payable by Canada shall be promptly adjusted between Canada and the Province.
 - (d) No interim payment shall be made in a subsequent fiscal year until the interim payments made in the previous fiscal year have been accounted for.

TERMINATION

8. This Agreement shall terminate on March 31, 1977.

TENDERS AND CONTRACT AWARDS

9. (1) Unless the Management Committee otherwise agrees, all construction, purchase and other contracts shall be let pursuant to tenders invited by public advertisement.
- (2) The opening of all tenders shall be public and the Management Committee shall be supplied with copies of each advertisement for tender, together with notice of the time and place for tender opening, in sufficient time to enable any member of the Management Committee or his representative to be present at all tender openings and to participate in the evaluation of tenders.
- (3) All contracts shall be awarded to the responsible and responsive tenderer who submitted the lowest evaluated bid unless otherwise agreed by the Management Committee.
- (4) All announcements of contract awards shall be made jointly by Canada and the Province.
- (5) Canadian material, machinery and equipment, consulting and other professional services shall be used in respect of the initiatives carried out under this Agreement to the extent to which these items are procurable and consistent with economy and efficiency as determined by the Management Committee.

IMPLEMENTATION

10. (1) (a) All substantive amendments to contracts shall require the prior approval of the Management Committee.
- (b) Any member of the Management Committee or his representative shall be permitted to inspect any project at all reasonable times for the purpose of verifying progress claims and obtaining any other information concerning the project which may be required by the Federal Minister or the Provincial Minister.
- (c) A definition of each project for the purpose of identifying the work to be financed by Canada must be approved by the Management Committee.
- (d) The final plans and specifications and form of contract must be approved by the Management Committee before tenders are called.

- (e) The preliminary design, estimates and construction standards must be approved by the Management Committee before detailed design is commenced.
 - (f) The Province shall forward to the Management Committee a report as to the progress of the work done under Schedule "A" of this Agreement in such Detail and at such times as may be required by the Management Committee.
- (2) Subject to the express provisions of subsection 5(7), contracts and purchases made and work done prior to the date of this Agreement in respect of projects listed in Schedule "A" may be accepted as complying with the provisions of this Agreement if they are consistent with the provisions of the GDA and if they are approved in writing by the Federal Minister on the recommendation of the Management Committee.

PUBLIC INFORMATION

11. Canada and the Province agree to cooperate in the development and implementation of a program of public information respecting the implementation of the projects under this Agreement, and further agree to supply, erect and maintain:
- (a) During the course of construction of each project, a sign or signs specifying that the relevant project is a Canada/Ontario Regional Development Project financed by contributions by the Government of Canada, Department of Regional Economic Expansion and the Government of the Province of Ontario, or such other wording to the like effect as may be agreed to by the Management Committee; and
 - (b) upon completion of each construction project, a permanent sign or plaque to the effect set forth in (a).
 - (c) Any public announcement of the measures covered by this Agreement, and any official opening ceremony for a construction project outlined in Schedule "A", shall be arranged by the Ministers.

CONDITIONS OF EMPLOYMENT

12. The following conditions relevant to employment and the award of contracts shall apply in respect of all projects carried out under this Agreement:

- (a) Recruiting of labour shall be conducted through the Canada Manpower Centres unless the Management Committee considers that this service cannot reasonably be provided;
- (b) in the employment of persons on a project, there shall be no discrimination by reason of race, sex, age, marital status, national origin, colour, religion or political affiliation; and
- (c) the provisions of the Labour Standards Arrangement proposed by the Federal Department of Labour in 1970 shall be applicable to this Agreement, it being understood and agreed that to the extent that there are higher provincial standards applicable to particular occupations or regions, these higher provincial standards shall apply. In the aforesaid Labour Standards Arrangement, the following provisions are regarded as minimum requirements:
 - (i) rates of pay prevailing in the area of employment for each classification of work, subject to the minimum wage specified in provincial legislation;
 - (ii) in building construction, time and one-half the specified prevailing rate of pay after the hours stipulated for purposes of overtime payment in the relevant provincial standards, which shall in no case be more than 48 per week;
 - (iii) in road and heavy construction, time and one-half the specified prevailing rate of pay after the hours stipulated for purposes of overtime payment in the relevant provincial standards, which shall in no case be more than 50 per week;
 - (iv) labour conditions to be specified in all tendering documents and to be posted conspicuously in the workplace.

EVALUATION

13. Upon execution of this Agreement, Canada and the Province shall commence a joint assessment of the projects listed in Schedule "A" having regard to the objectives of both this Agreement and the GDA. An interim evaluation report shall be submitted

through the Management Committee to the Ministers on or before each of their annual meetings as prescribed in subsection 9.1 of the GDA. The evaluation process shall be completed within twelve months of the termination date specified in section 8 of this Agreement.

AMENDMENTS

14. This Agreement, and Schedule "A" thereof, may be amended from time to time by the Ministers in writing. It is expressly understood and agreed, however, that any amendment to subsection 5(6) shall require the approval of the Governor in Council.

GENERAL

15. The provisions of the GDA shall apply to this Agreement, it being specifically agreed, without affecting the generality of the foregoing, that no member of the House of Commons or the Legislative Assembly of Ontario shall be admitted to any share or part of any contract, agreement, or commission made pursuant to this Agreement, or to any benefit to arise therefrom.

IN WITNESS WHEREOF this Agreement has been executed on behalf of Canada by the Minister of Regional Economic Expansion and on behalf of the Province by the Treasurer of Ontario and Minister of Economics and Intergovernmental Affairs.

IN THE PRESENCE OF:

GOVERNMENT OF CANADA

Witness

Minister of
Regional Economic Expansion

GOVERNMENT OF THE PROVINCE OF
ONTARIO

Witness

Treasurer of Ontario and
Minister of Economics and
Intergovernmental Affairs

CANADA-ONTARIO
SUBSIDIARY AGREEMENT
DRYDEN DEVELOPMENT INFRASTRUCTURE
SCHEDULE "A"

DRYDEN DEVELOPMENT INFRASTRUCTURE PROGRAM

<u>Project Description</u>	<u>Estimated Total Costs</u>	
	\$	
1. <u>Dryden water system improvements</u>		
(a) Construction of a water intake line from Wabigoon Lake to intake pumphouse (500' x 18" diameter)	53,900	
(b) Construction of a raw water line from intake pumphouse to water treatment plant (6035' x 16" diameter)	233,803	
(c) Construction of a water treatment plant, including 1.7 million gallon capacity underground storage reservoir, and intake pumphouse	<u>2,342,665</u>	2,630,368
2. <u>Dryden sewage system improvements</u>		
Construction of a sanitary trunk sewer from the Trans-Canada Highway to Keith Avenue and the Wilde Street Subdivision (5260' of sewer 10" to 14" diameter)		<u>153,106</u>
		<u>2,783,474*</u>

*This amount does not reflect the contingency allowance mentioned in subsection 5(6) of this Agreement.

1

1