

QUEEN  
HC  
117  
.B7  
S83  
1975

Parliamentary  
Government



Regional  
Economic  
Expansion

Expansion  
Économique  
Régionale



FORT NELSON

CANADA/BRITISH COLUMBIA



SEPTEMBER 23, 1975

# subsidiary agreement



Regional  
Economic  
Expansion

Expansion  
Économique  
Régionale

## CANADA-BRITISH COLUMBIA SUBSIDIARY AGREEMENT ON FORT NELSON

THIS AGREEMENT made this 23rd day of September, 1975.

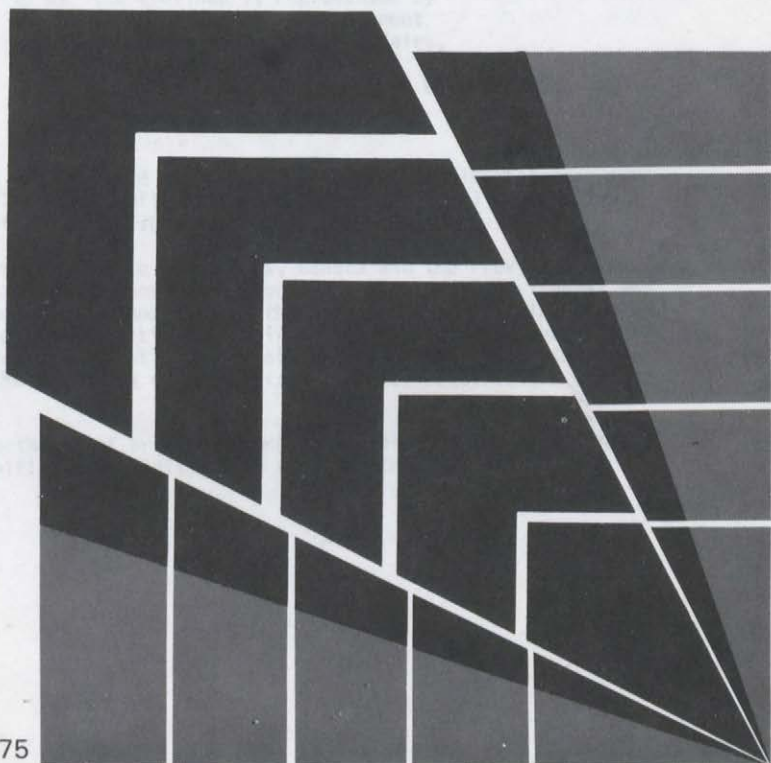
BETWEEN

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

FORT NELSON

OF THE FIRST PART,

CANADA/BRITISH COLUMBIA



SEPTEMBER 23, 1975

CANADA-BRITISH COLUMBIA  
SUBSIDIARY AGREEMENT  
ON FORT NELSON

THIS AGREEMENT made this 23rd day of September, 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 BRITISH COLUMBIA (hereinafter referred to as "the Province"), represented by the Minister of Economic Development and the Minister of Municipal Affairs,

OF THE SECOND PART.

WHEREAS Canada and the Province have signed a General Development Agreement dated March 28, 1974, (hereinafter referred to as "the GDA") under which they agree to identify and pursue development opportunities;

AND WHEREAS in pursuit of these 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 developmental 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 the northeast of British Columbia has been identified as one of the areas where initial joint initiatives will be concentrated;

AND WHEREAS Canada and the Province have agreed that infrastructure assistance may be required for the realization of certain objectives of the GDA to improve and sustain employment opportunities and to improve the physical, social and cultural environment;

AND WHEREAS Fort Nelson, a remote community in the northeast, is experiencing serious economic and social problems as a result of a lack of adequate infrastructure;

AND WHEREAS there is also a need for project experience to refine the management and implementation mechanisms that will be required for more complex subsidiary agreements;

AND WHEREAS subsection 6.1 of the GDA provides for other Provincial Ministers as appropriate to sign subsidiary agreements having regard to the initiative concerned;

AND WHEREAS the Governor in Council by Order in Council P.C. 1975-19/1746 of the 22nd day of July, 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 No. 3476/75 of the 6th day of November, 1975, has authorized the Minister of Economic Development and the Minister of Municipal Affairs to execute this Agreement on behalf of the Province;

NDW THEREFDRE the parties hereto agree as follows:

#### DEFINITIONS

1. In this Agreement:

- (a) "Federal Minister" means the Minister of Regional Economic Expansion of Canada and any person authorized to act on his behalf;
- (b) "fiscal year" means the period commencing on April 1 of any year and terminating on March 31 of the immediately following year;
- (c) "Implementation Committee" means the Committee described in section 4(1);
- (d) "Ministers" means the Federal Minister and the Provincial Ministers;  
and
- (e) "Provincial Ministers" means the Minister of Economic Development of British Columbia and the Minister of Municipal Affairs of British Columbia and any person authorized to act on their behalf.

### PURPOSE AND OBJECTIVES

2. (1) The objective of this Agreement is to provide assistance which will help alleviate the serious economic and social problems now being experienced by the community of Fort Nelson because of the inadequacies of the infrastructure available in the community, and described in more detail in the "Summary of Circumstances", attached to this Agreement as Schedule "A".
- (2) It is intended, at the same time, to refine within each level of government the processes of management and the implementation of joint programs so that these processes effectively contribute to the socioeconomic development objectives of the two governments and so the commonality of these processes are mutually agreed to and understood.

### SUBJECT MATTER

3. (1) The Province will undertake or will arrange for others to undertake, during the term of this Agreement, the projects listed in Schedule "B" within the financial limitations contained in Schedule "B". Schedule "B" is annexed to this Agreement and forms a part of it.
- (2) The Province will ensure that all lands and interests in lands that are required for the projects are registered in the name of the Village of Fort Nelson.
- (3) Contributions by Canada under this Agreement to any jointly financed equipment or facility do not vest in Canada any proprietary interest in such equipment or facility. The Province shall, on completion of the projects, arrange for the operation, maintenance and repair of the projects to be taken over by the appropriate authority.
- (4) Canada will not be responsible for any expenditures incurred with respect to the projects listed in Schedule "B" after the termination date of this Agreement.

### MANAGEMENT

4. (1) The parties shall promptly establish a joint federal-provincial Implementation Committee. The Committee shall consist of one representative from each of the British Columbia Department of Economic Development, the British Columbia Department of Municipal Affairs, the Canada Department of Regional Economic Expansion, and the Canada Central Mortgage and Housing Corporation.

- (2) The Implementation Committee shall report to the Committee established under subsection 9.2 of the GDA, approve a detailed description of each project specified in Schedule "B", and oversee the implementation of these projects.
- (3) The Implementation Committee shall submit for the approval of the Ministers, on or before the fifteenth day of February each year, an assessment of the progress being made in implementing this Agreement, the continued relevance of the projects listed in Schedule "B" in achieving the objectives, and the budget estimates for the subsequent fiscal year.
- (4) The Implementation Committee may invite representatives from other federal and provincial departments or agencies to meet it as required to facilitate the management of the program provided for herein.
- (5) There may be established such other subcommittees as may from time to time be required in the opinion of the Implementation Committee to deal with specific aspects of the management, planning, review or implementation of the program under this Agreement.
- (6) Canada and the Province agree to provide each other with all information necessary for the implementation of the program under this Agreement.
- (7) (a) The Implementation Committee shall act unanimously.  
(b) If the Committee fails to agree unanimously on any issue, it shall refer the issue to the Committee established under subsection 9.2 of the GDA.  
(c) Subject to subsections (a) and (b) above, the Implementation Committee shall institute rules for its own operation.

#### FINANCIAL

5. (1) Subject to all terms and conditions of this Agreement, and subject to the funds being made available by the Parliament of Canada, the amount provided by Canada in respect of the jointly approved program in Schedule "B" shall not exceed \$3 000 000.
- (2) Subject to section 5(3), the eligible costs to be shared under this Agreement by the parties in respect of the projects listed in Schedule "B" are:
  - (a) all direct costs relating to the sewer system, over and above the municipal share shown in Schedule "B", that in the opinion of the Implementation Committee have been reasonably and properly incurred for the implementation of the sewage system improvements;

- (b) all direct costs relating to the water system over and above the municipal share shown in Schedule "B", that in the opinion of the Implementation Committee have been reasonably and properly incurred by the Province for the implementation of the water system improvements, except administrative, survey, engineering and architectural costs; and
  - (c) ten per cent (10%) of the amount determined pursuant to subsection (b) above.
- (3) The costs to be shared by Canada do not include any costs relating to the acquisition of lands.
- (4) If, at any stage of a project, it appears to the Province that the costs of the project will exceed the estimated costs specified in Schedule "B", the Province shall promptly inform the Implementation Committee and state the reasons for such increase.
- (5) Upon being so informed, the Implementation 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. The report of the Implementation 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 recommendation as may be necessary to determine the action proposed to be taken.
- (6) Costs incurred on approved programs and projects twelve months prior to this Agreement shall, if approved by the Federal Minister and the Provincial Ministers, be eligible costs.

## CONTRACT PROCEDURES

### 6. (1) Tenders and Contract Award

Unless the Implementation Committee decides otherwise:

- (a) the preliminary design, estimates and construction standards must be approved by the Implementation Committee before detailed design is commenced;
- (b) the final plans and specifications and form of contract must be approved by the Implementation Committee before tenders are called;
- (c) all construction, purchase and other contracts involved in the construction shall be let pursuant to tenders invited by public advertisement;
- (d) opening of all tenders shall be public and the Implementation 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 the Implementation Committee, or its representatives, to be present at all tender openings and to participate in the evaluation of tenders;
- (e) all awards of contracts shall require the approval of the Implementation Committee and shall be awarded to the responsible and qualified tenderer submitting the lowest evaluated tender; and
- (f) all announcements of contract awards shall be made jointly by the parties.

### (2) Construction and Implementation

- (a) All substantive amendments to contracts shall require the approval of the Implementation Committee.
- (b) Any member of the Implementation 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 Ministers.
- (c) A description of each project for the purpose of identifying the work to be financed by Canada must be approved by the Implementation Committee.



- (d) The Province shall forward each month to the Implementation Committee a report as to the progress of the work, in such detail and at such time as may be required by the Implementation Committee.
- (3) Section 6(1), subsections (c) and (e), and section 6(2), subsection (a), do not apply to contracts that involve only the administrative, survey, engineering or architectural costs referred to in section 5(2), subsection (b).
- (4) Canadian material, machinery and equipment, and consulting and other professional services shall be used in respect of all work under this Agreement to the extent to which it is procurable and consistent with economy and efficiency as determined by the Implementation Committee.
- (5) In all contracts awarded and in the employment of persons related to a project under this Agreement, there shall be no discrimination by reason of race, sex, age, marital status, national origin, colour, religion or political affiliation.
- (6) Subject to section 6(4), 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:
  - (a) rates of pay shall be those prevailing in the area of employment for each classification of work, subject to the minimum wage specified in provincial legislation;
  - (b) in building construction, the rates of pay for overtime shall be time and one-half the specified prevailing rate of pay after the hours stipulated for the purposes of overtime payment in the relevant provincial standards, which shall in no case be more than 48 per week;
  - (c) in road and heavy construction, the rates of pay for overtime shall be time and one-half the specified prevailing rate 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; and
  - (d) labour conditions are to be specified in all tendering documents and are to be posted conspicuously in the work place.

- (7) Recruitment of labour shall be conducted through the Canada Manpower Centres wherever practical.

PAYMENT PROCEDURE

7. (1) Subject to sections 7(2) and 7(3), payments by Canada shall be made promptly to the Province on the basis of progress claims, setting out the project costs actually incurred and paid, and the amount payable pursuant to section 5(2), subsection (c), submitted in a form satisfactory to the Federal Minister, approved by the Implementation Committee, and certified by a senior officer of the Province.
- (2) In order to assist in the interim financing of Canada's share of the projects under this Agreement, Canada may make, if the Province so requests, interim payments:
- (a) 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 prepared by the Province, of the funds required in that quarter, certified by a senior officer of the Province, approved by the Implementation Committee, and submitted in a form satisfactory to the Federal Minister; and
  - (b) in each subsequent quarter of the fiscal year, a further interim payment may be made to finance Canada's share of expenditures in connection with approved projects, based on a forecast prepared by the Province of the funds required in that quarter, certified by a senior officer of the Province, approved by the Implementation Committee, and submitted in a form satisfactory to the Federal Minister. This amount shall be adjusted by the difference between the expenditures actually incurred and paid for by the Province in the previous quarter and the interim payment received in that quarter.
- (3) The Province shall account for each such interim payment received under the provisions of section 7(2) by submitting to Canada within the following quarter a detailed statement of the expenditures actually incurred and paid for, certified by a senior officer of the Province, submitted in a form and verified in a manner satisfactory to the Federal Minister, and approved by the Implementation Committee. Any discrepancy between the amounts paid by Canada by way of interim progress payments and the amount actually payable by Canada shall be promptly adjusted between Canada and the Province.
- (4) No claims may be paid after twelve months following the termination date of this Agreement.

#### EVALUATION

8. During this Agreement, the parties shall report annually on progress made toward the implementation of the projects listed in Schedule "B". These reports shall be prepared and submitted by the Implementation Committee to the Ministers.

#### PUBLIC INFORMATION

9. (1) Canada and the Province agree to cooperate in the development and implementation of a public information program that provides to the federal and provincial governments appropriate credit and recognition respecting the implementation of projects under this Agreement.
- (2) Canada is responsible for supplying, throughout the period that work is in progress, a sign or signs, as appropriate in the opinion of Canada, indicating that the project is undertaken and financed in accordance with the terms of this Agreement, and reserves the right to provide and install, on completion of the work, wherever suitable, a permanent plaque bearing an inscription to the like effect.
- (3) The Province is responsible for the installation, the maintenance, and at the completion of the project, the removal of any signs.
- (4) Any public announcement relating to this Agreement, and any official ceremony related to the commencing or completion of each project listed in Schedule "B", shall be arranged jointly by the Ministers.

#### GENERAL

10. (1) The duration of this Agreement shall be from the date of its signing to March 31, 1978.
- (2) This Agreement, and the attached Schedules, may be amended from time to time as mutually agreed in writing by the Ministers. It is expressly understood and agreed, however, that any amendments to section 5(1) shall require the prior approval of the Governor in Council.
- (3) All documents, publications and information generated as a result of the programs provided for in the Agreement shall become the joint property of and be freely available to both parties.
- (4) The provisions of the GDA shall apply to this Agreement.

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 Minister of Economic Development and the Minister of Municipal Affairs.

IN THE PRESENCE OF:

GOVERNMENT OF CANADA

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Minister of  
Regional Economic Expansion

GOVERNMENT OF THE PROVINCE OF  
BRITISH COLUMBIA

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Minister of  
Economic Development

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Minister of  
Municipal Affairs

SCHEDULE "A" TO THE CANADA-BRITISH COLUMBIA  
SUBSIDIARY AGREEMENT ON  
FORT NELSON

---

SUMMARY OF CIRCUMSTANCES

Fort Nelson, a community of 3 037 (1974) people in northern British Columbia, is experiencing serious problems in the provision of adequate water and sewer services.

The water and sewage systems of Fort Nelson were originally constructed in 1961 to service a very small primary resource-based community. Rapid industrial expansion and increased population in recent years has put these systems in a situation of serious deficiency.

The water system in Fort Nelson was designed to service 1 350 persons. As a result, the health standards, fire protection and peak flow requirements in the community are jeopardized and the excessive demands on the system make major failures a distinct possibility.

The sewage system is also deficient. The sewage lagoon and some service mains were designed to handle a population of 300 to 350 persons. The system is dangerously over-utilized by the current population and does not meet health and pollution standards.

These inadequacies threaten the continuation of community and industrial development, as well as seriously impeding the potential future expansion in the forestry, transportation and recreation sectors over the next ten years. The ability of this community and its industry to attract and retain labour, especially skilled/technical and professional categories, who will support this expansion, is directly dependent upon the provision of adequate water and sewage services.

In the past, industry in Fort Nelson has experienced serious problems in high labour turnover, some of which can be directly attributed to the "quality of life" aspects of an inadequate water and sewage system. Industry has incurred considerable expense in recruiting and training labour for its operations and then found that workers were not satisfied with the basic infrastructural services available, or could not obtain satisfactory housing because of a lack of serviced lots. Subsequently, many of these workers and their families have left the community, in spite of high wages and good employment opportunities. As a result, local industry has experienced these high turnover rates with resultant high operating costs.

The program provided for in this Agreement will upgrade and expand the water systems in the community to provide an adequate level of services to the present residents, and for a larger population expected to be attracted to this area and estimated to reach 5 300 by 1985.

SCHEDULE "B" TO THE CANADA-BRITISH COLUMBIA  
SUBSIDIARY AGREEMENT ON  
FORT NELSON

---

INFRASTRUCTURE PROGRAM

	<u>Project Description</u>	<u>Total cost</u>
1.	Water system improvements  This project will include the construction of a new intake system, booster station and transmission line to the new water reservoir, a filtration plant, clarifier, clear-water storage reservoir and transmission main and the upgrading of the distribution system.	\$4 400 000
2.	Sewage system improvements  This project will include the construction of a new sewage lagoon and a sewage interceptor program.	\$2 600 000

COST SCHEDULE

	Total Cost	Municipal Share	Shareable Cost	Federal Share*	Provincial Share
	(millions of dollars)				
Water System	4.4	.6	3.8	1.9	1.9
Sewer System	2.6	.4	2.2	1.1*	1.1
Total	7.0	1.0	6.0	3.0	3.0

\* This is an estimate of the eligible loan forgiveness and high cost assistance grant that may be approved under Part VIII of the National Housing Act through Central Mortgage and Housing Corporation. The referred to sewer project is also eligible for a Part VIII loan under the National Housing Act in an estimated amount of \$1 436 000.

1

1