



# Green Municipal Funds

*Annual Report*

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2002.  
2003

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Federation of  
Canadian Municipalities

*The Government of Canada has endowed \$250 million to the Federation of Canadian Municipalities to establish and manage the Green Municipal Funds (GMF). The Green Municipal Funds support partnerships and leveraging of both public and private sector funding to reach higher standards of air, soil and water quality and to achieve greenhouse gas emission targets under the Kyoto Protocol.*

To obtain Green Municipal Funds information and description of assessments, projects and pilot projects approved since inception, please visit <http://kn.fcm.ca>

Contact us by phone at (613) 241-5221, ext. 357 or by e-mail at [greenfunds@fcm.ca](mailto:greenfunds@fcm.ca)

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## Letter to the Ministers of the Environment and Natural Resources

The Honourable David Anderson, P.C., M.P.

*Minister of the Environment*

The Honourable Herb Dhaliwal, P.C., M.P.

*Minister of Natural Resources*

Dear Ministers:

We are pleased to present the *2002-2003 Annual Report for the Green Municipal Funds (GMF)*. Sixty Green Municipal Enabling Fund grants and 14 Green Municipal Investment Fund loans and pilot grants were approved this year, valued at \$26,437,697 and leveraging \$88,039,516 in economic activity.

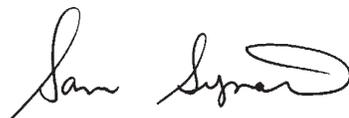
The GMF achieved an important milestone this year by entering the long-term target range for Investment Fund loans. As a revolving fund, the Investment Fund must carefully match loans issued with loans repaid to maintain \$200 million in capital. The balance point target for the Investment Fund is 15 to 20 loans per year; at 14 projects committed in 2002-2003, the program is clearly on its way to reaching this goal.

The GMF also finalized its results management system targeting accountability and information management requirements, and service commitments to municipal governments. The year ahead will see a focus on converting completed Enabling Fund assessments into Investment Fund projects to improve air, water and soil quality, and protect the climate.

The GMF Council reaffirmed its commitment to fund initiatives that cut greenhouse gas emissions as a priority. Analyses were undertaken to determine which projects had the greatest potential. With the December 2002 ratification of the Kyoto Protocol, the GMF is well positioned to leverage greenhouse gas reductions toward Canada's international commitments.



Yves Ducharme  
*President, FCM*



Sam Synard  
*Chair, Green Municipal  
Funds' Council*



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|---|----|
| <b>Executive Summary</b> .....  | 9  |
| <b>Introduction to the Green Municipal Funds</b> .....                    | 11 |
| <b>The Year in Review</b> .....   | 13 |
| Additional accomplishments .....  | 13 |
| Governance .....  | 13 |
| Innovation in Financing .....   | 14 |
| Emission Reduction Potential .....  | 16 |
| Managing for accountability .....   | 17 |
| Result Management System .....  | 17 |
| Communications .....  | 18 |
| Funds Performance .....   | 21 |
| GMF Results .....   | 23 |
| <b>GMF Success Stories</b> .....  | 29 |
| <b>The GMF and the Centre for Sustainable Community Development</b> ..... | 35 |
| <b>The Year Ahead</b> .....   | 37 |
| 2003-2004 GMF Objectives .....  | 37 |
| <b>Annex A: 2002-2003 GMF Approvals (by province)</b> .....               | 39 |
| <b>Annex B: 2002-2003 GMF Financial Statements</b> .....                  | 47 |



The Green Municipal Funds (GMF) were established in 2000 with a \$125 million endowment to the Federation of Canadian Municipalities (FCM) from the Government of Canada. The endowment was doubled to \$250 million in the 2001-2002 federal budget.

The \$50 million **Green Municipal Enabling Fund (GMEF)** provides grants of up to half the cost of feasibility studies (includes demonstrations and small pilots) to improve air, water and soil quality, and to address climate change.

The \$200 million permanent revolving **Green Municipal Investment Fund (GMIF)** helps municipal governments, and their partners, finance innovative environmental infrastructure projects.

This year, 60 Green Municipal Enabling Fund grants and 14 Green Municipal Investment Fund loans and pilot grants were approved, valued at \$26,437,697 and leveraging \$88,039,516 in economic activity. As a revolving fund, the Investment Fund must carefully match loans issued with loans repaid to maintain \$200 million in capital. The balance point target is 15 to 20 loans per year; at 14 projects committed in 2002-2003, the Fund is on its way to reaching this goal.

The 15-member GMF Council reaffirmed as a priority projects with high greenhouse gas reduction potential. An analysis of this year's feasibility assessments and projects reveals a total greenhouse gas (GHG) emission potential of more than 1.6 Mt. Business plan strategies, which cover landfill gas capture and utilization, community energy systems, and municipal operations, have been prepared to capitalize on this potential. Targets and indicators have been developed to monitor progress.

A Results Management System (RMS) provides the GMF Council and FCM a comprehensive tool to measure success. It incorporates 174 economic, social, environmental and internal administrative outputs and indicators.

Improvements to client services were realized by accepting GMF applications year round, preparing new communications tools, conducting targeted outreach campaigns, attending numerous conferences and trade shows, and making more than 30 presentations to municipal officials.

### *Managing for Accountability*

In 1997, the Government of Canada introduced a new approach to meeting the needs of Canadians. Foundations such as the GMF use up-front endowment funding and independent arms-length boards of directors made up of experienced and knowledgeable individuals. This arm's-length nature, financial stability and focused expertise allow the GMF and other such foundations to address specific challenges in an effective, non-partisan manner.

The Government of Canada considers using foundations, like the GMF, in the following circumstances:

- Foundations focus on a specific area of opportunity, in which policy direction is provided generally through legislation and/or a funding agreement.
  - The GMF helps to build sustainable communities through the funding of initiatives that improve air, water and soil quality and that address climate change. GMF policy is directed through a funding agreement with the Government of Canada.
- Foundations should harness the insight and decision-making ability of an independent board of directors with direct experience in and knowledge about the issues at stake.
  - A 15-member council, whose members include representatives from FCM's National Board of Directors, the Government of Canada, NGOs and the private sector, embraces these qualities and governs the GMF.
- Decisions by foundations should be made using an expert peer review process.
  - Up to 45 experts in the sectors covered by the funds sit on the GMF Peer Review Committee.

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## *Executive Summary*

- Foundations should receive guaranteed funding, which provides financial stability and goes beyond the annual parliamentary appropriations in order to meet comprehensive medium- and long-term planning objectives in their specific area of opportunity.
  - Since 2000, the Government of Canada has endowed FCM with \$250 million to operate the GMF.
- Foundations should have the opportunity and the ability to lever additional funds from other orders of government and the private sector.
  - The GMF leverages municipal, private-sector and provincial funding by limiting its participation in feasibility assessments to 50 per cent of eligible costs and financing of up to 25 per cent of capital costs for projects.

Since its inception in August 2000, GMF has invested in 226 feasibility assessments and projects totaling more than \$36 million and leveraging more than \$134 million in investments for cleaner air, water and soil, and climate protection.

### GMF Categories

Innovative, green infrastructure projects that can be replicated in communities across Canada include:

**Energy:** energy-efficient building retrofits, renewable energy, and community energy systems.

**Water:** watershed management, water conservation and new approaches to potable water, wastewater and storm water treatment.

**Solid waste management:** waste diversion and landfill gas management.

**Sustainable transportation services and technologies** public transit, municipal fleets, integrated and alternative transportation systems, and transportation demand management.

**Sustainable community planning (GMEF):** integrated (land use, transportation and energy) planning; community and corporate greenhouse gas reduction plans, watershed management and brownfield redevelopment.

**Integrated community projects (GMIF):** energy and environmental management projects that include projects from more than one category.

### GMF Application Process

GMF initiatives must demonstrate the potential to stimulate investment in leading-edge environmental technologies, practices and processes; to promote the user-pay principle and full-cost accounting; and stimulate public/private-sector partnerships where value for money is demonstrated.

The selection process for GMF projects is a rigorous one of three to six months. There are five steps:

1. Interested parties submit a brief description of their initiative in an Intent to Apply.
2. Those with initiatives meeting basic criteria are invited to submit an application.
3. Members of the Peer Review Committee use a GMF evaluation grid to review and score each application.
4. GMF Council reviews proposals considering Peer Review Committee scores and staff recommendations, and makes a recommendation on each proposal.
5. GMF Council recommendations are reviewed for approval at regular meetings of FCM's National Board of Directors.

The GMF helps to build sustainable communities by funding innovative projects—projects that satisfy not only the hard infrastructure needs of municipal governments but also ones that break the single issue or “silo approach”. By encouraging a holistic, whole-systems approach the GMF helps municipal governments attain sustainability objectives.



The Green Municipal Funds achieved an important milestone this year by entering the long-term target range for Investment Fund loans (GMIF). As a revolving fund, the Investment Fund must carefully match loans issued with loans repaid to maintain \$200 million in capital. The balance point target for the Investment Fund is 15 to 20 loans per year; at 14 projects committed in 2002-2003, the program is clearly on its way to reaching its goals.

A total of 34 feasibility assessments were completed this year. Results summaries are being developed for all completed feasibility assessments; category summaries will be bundled into case studies and will be posted on FCM's Web site. Results analysis will be used to guide future GMF investments.

The Federation of Canadian Municipalities (FCM) has been the national voice of municipal government since 1901, and represents more than 1,000 member communities.

The GMF plays a central role in FCM's mandate to improve the quality of life in all communities.

In 2002-2003, 60 GMEF grants and 14 GMIF loans and pilot grants were approved, valued at \$26,437,697 and leveraging \$88,039,516 in economic activity.

*The Results pages of this section show the evolution of the Funds, from inception to the current fiscal year.*

### Additional accomplishments

- New financial products were developed to remove barriers to project implementation.
- Business plans for landfill gas, community energy systems and municipal operations to assess potential greenhouse gas (GHG) reductions were completed in 2002-2003. In addition, a review of all feasibility studies, demonstrations, pilots and projects approved as of December 2002 was completed on February 28, 2003 to assess the GHG reduction potential if fully implemented.

- The entire GMF process—from the application to approval stage—is now housed within one database: the Green Municipal Fund Result Management System. This has greatly improved administrative efficiencies and the application process, and has enhanced client service. In addition, FCM moved to accept applications year round.
- 174 environmental, economic, social and administrative indicators of performance were established to track project outcomes, manage information and improve service to municipal governments.
- A priority was placed on face-to-face meetings between municipal officials and the GMF team: we participated in five provincial/territorial conferences and more than 20 municipal government, private-sector and industry conferences, and made more 30 presentations to municipal officials.
- New communications products were published that emphasize the advantages of converting GMEF feasibility assessments to GMIF projects.

The outcome of these efforts has been a significant increase in the success rate of GMF applicants, and a reduction in the time needed for approvals and the disbursement of funds.

### Governance

The 15-member GMF Council comprises five representatives from FCM, five from the Government of Canada (Environment Canada, Natural Resources Canada, and Transport Canada), and five from non-governmental organizations (NGOs) and the private sector. The GMF Council advises the FCM National Board of Directors on provisions of the funding agreements, develops and approves evaluation criteria, makes project and feasibility study recommendations, and ensures that contributions and investments are appropriately balanced among regions and categories and between urban and rural areas. The GMF Council also nominates members to the Peer Review Committee.

During 2002-2003, the GMF Council met five times to review feasibility and project proposals, to address policy, management and operational issues, and to undertake strategic planning and set priorities for the coming year.

## *GMF Council Highlights*

GMF Council decisions during this fiscal year included:

- reaffirming that GMF projects with GHG emission reduction potential are a priority;
- targeting sustainable community planning feasibility studies that support Partners for Climate Protection (PCP) communities in completing corporate and community GHG and energy use inventories, projects and local action plans (more than 100 communities use the PCP Five-Milestone Framework to develop actions plans to reduce greenhouse gas emissions);
- approving a demonstration category that will showcase integrated design and multiple infrastructure retrofit projects;
- supporting two pilots to test the role that carbon trading could play in developing landfill gas projects;
- emphasizing renewable energy community energy systems, particularly biomass, as part of the GMF's overall strategy to encourage distributed energy systems;
- approving, in principle, the acceptance of proposals for multiple municipal governments through one application to address the capacity and economic challenges faced by small and/or rural communities; and
- improving the definitions of "Partnership" and "Innovation":
  - Partnership: The municipal government and the public- or private-sector partner must both take some level of risk or contribute to the financial viability of the proposed project, and both parties must expect, under reasonable circumstances, an appropriate return or benefit for the risks assumed.
  - Innovation: Development and/or application of new knowledge, practices or advanced technologies; application of current or emerging technologies or practices; or the adoption of an advanced technology, knowledge or practice in a region (i.e. the five regions currently used) in which that technology has not been applied before.

## **Innovation in Financing**

The Green Municipal Funds invest in green municipal infrastructure projects. Real or perceived risk, higher capital costs, and the stage of project development all present their own set of barriers. The GMF team has developed a range of products designed to remove these barriers.

### *Targets Reached*

The Investment Fund received 72 Intent to Apply submissions; 37 met the initial selection criteria. Of these, 18 completed applications were then submitted, and 14 were approved. The total value for these projects was more than \$23 million, a substantial increase from just under \$3 million in 2001-2002.

The average amount for each of the 14 approved GMIF projects was \$1.7 million.

The Enabling Fund received 100 Intent to Apply submissions; 76 met the initial selection criteria. Some 2001-2002 applications were dealt with in this fiscal year, so of 89 completed applications considered by Council, 60 were approved. The total value for these projects was \$3.3 million, and the average grant amount was \$54,405.

### *Emission Reduction Rights-Based Financing*

Landfill gas is a potent GHG offering significant reduction potential. Most landfill sites, however, do not produce sufficient volumes of methane to be commercially exploitable, nor have there been financial incentives to encourage municipal governments to reduce landfill emissions. The GMF is in the process of developing a product that may be able to respond to this problem – emission reductions rights (ERR)-based financing.

Emission reductions (ERs) occur whenever concentrations of GHGs from human activity in the atmosphere are reduced, for example, through the process of photosynthesis (conversion of carbon dioxide by plants into carbonaceous material) or by the combustion of methane from landfill sites (by flaring or through use as a fuel in an electrical generator).

The rights to the ERs resulting from a project that reduces GHGs (known as ERRs) can be bought and sold in what is often referred to as the carbon market. Large industrial emitters (LIEs) currently producing significant volumes of GHGs in their manufacturing processes may be able to meet anticipated emission reduction requirements by purchasing ERRs produced by others. There is still considerable uncertainty with regard to the form and operation of a domestic carbon-trading market, but some LIEs are currently purchasing ERRs in anticipation of government emission reduction regulations, in order to gain trading experience in the evolving carbon market.

Two ERR pilot projects were approved by the GMF Council this year and funds will be disbursed between April 2003 and March 2004. These approvals will result in the disbursement of conditional grants to fund a portion of the cost of installing gas capture and flare systems at two municipally owned landfill sites. The grants are conditional in that, in exchange for the funds provided, the municipal governments will transfer the ERRs resulting from the projects to the GMF. The GMF will sell the ERRs over a period of 10 years, or until the original grant amounts plus interest have been

Both ERR pilot projects are in British Columbia and involve the beneficial use of landfill gas.

The first, in the **Regional District of Nanaimo**, involves expanding the existing landfill gas collection system to achieve approximately 75 per cent gas recovery. The District developed this project through the Cedar Road Landfill Gas Utilization Study, funded by GMEF. Utilization strategies will be more viable as a result of the ERR-based financing to be provided by GMIF. If viable utilization strategies can be developed, the closure date for the site may be extended by 15 years.

The second, in the **Regional District of Fraser-Fort George**, will receive a GMIF loan and a conditional grant to support the construction of a landfill gas capture and flare system. As with Nanaimo, using the ERRs from the project as a source of up-front funding reduces the amount of debt required for a range of utilization options under consideration by the Regional District.

recovered, whichever occurs first. Any funds received by the GMF in excess of the grant amounts, plus interest, will revert to the municipal government.

The experience gained from the two pilot projects will be reviewed along with the developing rules for a domestic emissions trading and offset program to determine what if any role ERRs or GMF will play.

To identify more landfill gas projects, a landfill gas business plan was completed in 2002-2003, identifying 27 large landfill sites that represent best opportunities for near-term GHG emission-reduction projects. The GHG emission reduction potential for all of these sites is approximately 4.5 Mt.

Final negotiation of the Maxim/Vancouver landfill gas utilization project financing resulted in a partnership with CorpFinance, an experienced private-sector source of project financing. This type of co-financing partnership will be replicated to access long-term funds for other GMIF eligible projects.

Of these sites, five represent good utilization opportunities and include four municipal and one private site. The development team will pursue, as a priority, these and other high potential sites and will work aggressively to convert landfill gas feasibility studies into utilization projects.

### *Low risk/high return sub-debt loan*

The GMF Council also approved the low risk/high return sub-debt loan concept. Its goal is to encourage municipal governments to enter into partnerships with the private sector for the development and operation of community energy systems and/or renewable energy projects by sharing with the GMIF the financing risks inherent in these projects. In addition, the Investment Fund is offering experienced financial arrangers up to \$25,000, on a shared-cost basis, to structure and arrange additional project funding for community energy systems and/or renewable energy projects that partner with municipal governments.

## *Financial partnerships*

Partnerships were developed in 2002-2003 to leverage other sources of funding along with the 15 to 25 per cent funding available from the GMIF. This year, working arrangements were developed with the Municipal Finance Authority of British Columbia and the Nova Scotia Municipal Finance Corporation. These institutions will disburse GMIF funds to approved projects and collect payments for the GMF.

## **Emission Reduction Potential**

### *Greenhouse Gas and Clean Air Impacts of Green Municipal Projects*

Reducing GHG emissions is an important priority for the GMF. The GMF has commissioned two studies of the potential GHG reduction from full implementation of assessments and projects funded to December 2002.

The first analysis showed a reduction potential of 0.75 Mt if the first 115 approved studies and projects were fully implemented.

In 2001, the **City of Leduc, Alberta** received a GMEF grant to investigate the use of a soil cover to reduce greenhouse gas emissions at its landfill site.

Results of the study, reported in 2002, revealed that in the first two months, methane emissions were reduced by as much as 90 per cent depending on the time of year the cover was monitored. A conservative estimate shows that a year-round overall reduction of 50 per cent could be achieved.

In the second analysis of 99 more recently approved studies and projects, 71 had GHG reduction potential with landfill gas capture and utilization projects showing the greatest opportunity, followed by district energy, and energy efficiency and biogas capture in municipal operations. The analysis revealed the potential to reduce 1.6 Mt of carbon dioxide equivalent if the 71 GMF studies and projects were fully implemented. Such a reduction represents the equivalent of removing 260,000 cars from the road.

The two studies show a combined total potential reduction of 2.35 Mt if all investments funded through to end of 2002 were fully implemented.

## *Business Plan Development*

GHG business plans were also developed for landfill gas, community energy systems, and municipal operations. Detailed analysis of all the business plans, including the potential revealed in the analyses referred to above, shows up to 7.2 Mt of direct and indirect GHG reductions could be leveraged from GMF investments in landfill gas, community energy systems and community operations by 2012. Analysis is now underway to assess GHG reduction potential in the waste and transportation categories.

Efforts have been made to quantify the potential contribution of the GMF to Canada's GHG emission reductions efforts. The numbers being presented here provide an indication of this potential but more analysis will be needed to confirm the potential and more importantly to assess potential overlap with other policy or measures already announced or which are currently in development.

The landfill gas business plan, completed in 2002-2003 and referred to in the **Innovation in Financing** section, showed a potential GHG reduction of 4.5 Mt from 27 high potential sites, with a total potential of 5.2 Mt if less economic sites received grants.

The district energy or community energy systems business plan indicates that a potential 1.6 Mt in GHG reductions. Biomass systems are most viable where there is significant wood waste production; communities with production of over 35,000 bone-dry tonnes of wood waste are considered to be good candidates, as are those in which regulations require the phasing out of beehive burners.

Reductions from capturing and utilizing biogas at wastewater treatment plants were identified in the municipal operations business plan and amount to approximately 400 kilotonnes.

## Managing for accountability

In its 2003-2004 budget, the Government of Canada formalized the accountability requirements for foundations like the GMF. These measures were incorporated into the GMF funding agreements on March 28, 2002, when the endowment was doubled.

Accountability measures revolve around three themes:

1. Presenting an annual statement of plans and objectives prior to the beginning of the fiscal year, and an Annual Report no later than three months after year end, to the Minister responsible for administering the funding agreement.
2. Establishing a results-based management system (see below).
3. Conducting an independent evaluation, presenting it to the Minister responsible and making it public.

All elements are complete or in process, with preparations under way for the first independent audit, which is due within six months of March 31, 2004.

## Result Management System

The Result Management System (RMS) is a tool designed to measure progress toward ultimate outcomes. The GMF RMS uses 174 indicators and targets, which evaluate overall governance and performance.

## Selected Outputs and Indicators:

Funds Performance:

- number of approved GMEF grants and GMIF loans by region, category, between urban and rural communities, and the total dollar value of the approved grants and loans;
- loan type balances and loan guarantees; and
- number of pilot project grants among the approved GMIF projects.

GMF Council Operations:

- orient new Council members to Council operations and duties; and
- number of meetings per year.

Financial Management:

- develop financial reports on Investment Fund portfolio balance, portfolio risk, disbursement of funds, and investment performance for unallocated funds; and
- implement policies to manage the funds' financial risks.

Reporting:

- distribute quarterly reports and Investment Fund Portfolio balance reports to the GMF Council; and
- prepare an Annual Report and Annual Statement of Plans and Objectives.

Environmental Performance:

- reduce in GHG emissions, air, water and soil contaminants; and
- increase the efficient use of natural resources, organic waste diversion and renewable energy.

Communications:

- number of national and local announcements and media coverage;
- conduct focus groups and client surveys, and distributing GMF information kits; and
- number of municipal council and staff presentations made.

Additional indicators cover general development strategies and more specific strategies, such as those dealing with landfill gas initiatives, community energy systems, municipal operations, and the sustainable community demonstration category.

## *Greenhouse gas reduction tracking*

This year, the GMF Council approved the use of SMART, a measurement tool used by the Climate Change Action Fund's Technology Early Action Measures (TEAM) program. SMART provides a template for reporting greenhouse gas reductions from GMIF projects. The template will be expanded by the end of this fiscal year to cover the full range of pollutants tracked by the GMF. SMART is currently being tested by two landfill gas utilization pilot projects. A working group composed of individuals from the GMF, TEAM and Environment Canada's Greenhouse Gas Verification Centre and the Pilot Emissions Reductions Removal Learning (PERRL) initiative co-ordinates implementing and ongoing development of SMART.

## *Administration*

FCM covers the costs of managing the GMF through a formula established in the Funding Agreements that allows up to \$5 million to be allocated toward administration and applicant capacity building. In fiscal 2002-2003, the GMF incurred \$3,960,500 of operating expenses to operate the Green Municipal Funds.

Travel, accommodation and per diems related to this year's meetings of the GMF Council and the Peer Review Committee accounted for \$294,300 or 7.5 per cent of operating expenses.

Salaries, benefits and office accommodations for 22 full- and part-time staff, equipment, contract management, legal advice, results-based reporting database development and management, application support, Internet tools and FCM administration related to annual financial audits, insurance, management of the endowment, disbursement of grants and loans, absorbed the remaining \$3,666,200 or 92.5 per cent of administrative costs.

Of the total operating expenses, 75.1 per cent was taken from the Investment Fund and 24.9 per cent from the Enabling Fund.

## **Communications**

The Green Municipal Funds 2002-2003 communications program included:

- an emphasis on face-to-face meetings and networking forums;
- an advertising strategy directed at municipal professional sectors;
- management of national, regional and local announcements of approved projects and studies;
- development of a Web-based Knowledge Network to disseminate lessons learned and peer teaching case studies;
- development of print and electronic templates for project and results summaries;
- reproduction of electronic and print application forms, promotional materials and PowerPoint presentations;
- outreach to underrepresented regions, including to annual conferences of provincial and territorial municipal associations.
- partnerships with the FCM-CH2M Hill Sustainable Community Awards and the Community Energy Mission;
- promotion through FCM networks including the 109 communities participating in the Partners for Climate Protection initiative; and
- applicant guidance documents for the buildings and waste categories.

## *National and Local Announcements*

On April 22, 2002, the President of FCM, the Minister of the Environment and the Minister of Natural Resources (lead ministers for the GMF) announced GMF funding of \$1.2 million to 25 municipal governments and their partners for innovative feasibility assessments and projects to improve the environmental performance of their communities. On October 7, 2002, a second national announcement was made for GMF funding of \$10 million to 42 communities for 49 innovative feasibility assessments.

A regional announcement was also organized in October 2002 in British Columbia announcing over \$5.2 million in GMF funding for 14 studies, demonstrations, pilots and projects in 11 B.C. communities.

In addition, 41 local announcements were co-ordinated with municipal governments in 2002-2003.

### *Outreach*

Over the course of 2002-2003, the GMF team participated in five provincial/territorial conferences, FCM's Annual Conference and Tradeshow and FCM's Landfill Gas Forum, more than 20 municipal government, private-sector and industry conferences that covered such topics as sustainable transportation, renewable energy, and water and resource conservation. The GMF team has also made more than 30 presentations to municipal councillors and staff in communities across the country, and has attended numerous project development meetings with municipal officials.

A GMIF outreach campaign conducted in April 2002 made more than 400 professional contacts. It included association newsletter advertising and the use of broadcast fax and telemarketing, and resulted in 77 calls and inquiries. The Engineering Campaign, also prepared for GMIF promotion and conducted in May 2002, resulted in 10 meetings, inquiries, and/or contacts.

The GMF also took advantage of FCM networks and programs to expand opportunities through partnerships, including the FCM-CH2M Hill Sustainable Community Awards, the Community Energy Mission and the 109 communities participating in the Partners for Climate Protection initiative.

### *Electronic, Print Materials and Advertising*

Throughout 2002, all GMF-related print and electronic materials were updated on an ongoing basis, including PowerPoint presentations.

In the spring of 2002, an article on the Green Municipal Funds and a new GMF advertisement appeared in the May 16, 2002 edition of *The Globe and Mail*, which featured a special climate change supplement. A GMF advertisement was placed in *Forum* Magazine and in the FCM Annual Conference Program. Also, a new advertisement was created for the August "Intent to Apply" call and broadcast fax notification and advertisements.

The October 2002 issue of the *Urban Voice*, the November 2002 issue of *Municipal World*, and in the December/January 2002-2003 issue of *Rural Councillor* featured another new GMF advertisement. During the same period, the GMF received recognition in the City of Ottawa's Rapid Transit expansion study advertisement and flyer.

Two ads were featured in the January-February 2003 issue of *Forum*: a one page ad for the 2004 Sustainable Communities National Conference and Trade Show, and one for FCM's 2003 Community Energy Planning (CEP) Mission to the Netherlands.

Other communications/public liaison materials developed include a revised Frequently Asked Question section and an updated GMF section on the Knowledge Network. The Knowledge Network also featured an October Sustainable Communities Newsletter featuring the article: *Green Municipal Funds Accepting Submissions Year-round*.

The 2001-2002 GMF Annual Report was released and distributed (in both print and electronic format) on October 2, 2002 to FCM Board members, GMF Council members, the Prime Minister's Office, the Privy Council Office, Cabinet Ministers, the House of Commons, parliamentarians, provincial and municipal officials, key stakeholders and numerous other FCM contacts.

### *Sustainable Communities Knowledge Network (SCKN)*

On January 18, 2003, the Sustainable Communities Knowledge Network (SCKN) launched a new version of its Web site (<http://kn.fcm.ca>), including a software upgrade, new structure, improved integration with the FCM corporate site, and quick access points from the front page to the Green Municipal Funds sub-entry site. Content on the former Sustainable Communities Web site ([www.fcm.ca/scep/index.htm](http://www.fcm.ca/scep/index.htm)) was transferred to the new site, and users are redirected to the SCKN.

Included in the software upgrade are many noticeable changes to the tools and selections available to users. The site is easier to navigate, and is organized with easy-to-use participation tools, making it easier for members to participate online.

New features include automatic e-mail updates on subscribers' favourite topics; on-line, contextual discussion groups; an Events Calendar that lists important community events; tighter e-mail integration; new search functionality; and functional ability for subscribers to share their knowledge with "one-click contribution" using familiar on-screen editing tools.

New SCKN topic sections include social marketing, community energy planning and active transportation. The new Partners for Climate Protection (PCP) section provides on-line answers to questions regarding PCP software, offers several resources, including the 2002 Best Practices Guide, which profiles the winners of the FCM-CH2M HILL Canada Sustainable Community Awards, and the Citizen Participation and Community Engagement 2002 document, a guide to local action planning. *Sustainable Community News* (formerly PCP News) is also accessible through this section.

### *Focus Groups*

Six half-day focus group sessions were held in the five geographic regions, with each session having a rural-urban mix of approximately 12 elected municipal officials, non-elected municipal officers and representatives of non-governmental organizations (NGOs) who could provide valuable insights and feedback into their municipalities' understanding of the GMF. In total, 57 municipal representatives from 47 different municipalities participated.

Overall, focus group participants endorsed the values and objectives of the GMF in supporting municipal governments to improve environmental performance, strengthen services and operations, advance sustainability and enhance quality of life for residents.

Two principal barriers were identified to the GMF uptake—lack of program knowledge and lack of capacity. There was lack of knowledge concerning the flexibility of the Enabling Fund, with most participants viewing it solely as a tool for conducting feasibility studies, and being unaware that the Enabling Fund can also be used for small-scale demonstrations and pilots. With respect to the Investment Fund, participants perceived two key barriers to uptake—the emphasis on projects being innovative

and the availability of lower cost funding elsewhere. The two funds were viewed as distinct from each other and not inter-related. Knowledge about potential partnership opportunities offered by the two programs was also limited.

Investment Fund limitations, such as providing a maximum of 25 per cent, means that municipal governments must pursue an unusual blended funding approach. Timing was also seen as critical in the Investment Fund because, as one participant said, "The bank will give you an answer in two to three weeks, and the GMIF approach can take months." This underscores the perception that it is simpler to deal with the banks.

Many municipal governments have capacity problems that prevent them from taking full advantage of the program. They may perceive that the GMF process is distant and skewed in favour of large communities. In particular, small communities have difficulty managing the application process and often rely on outside consultants to help them.

### *Suggested Program Improvements to the GMF*

#### *Green Municipal Enabling Fund (GMEF)*

- Increase grant funding limit;
- Provide support for capacity-building; and
- Remove the annual maximum of four projects per municipal government.

#### *Green Municipal Investment Fund (GMIF)*

- Initiate a comprehensive education campaign that provides municipal governments with in-depth knowledge of GMIF that clearly defines the program in terms of objectives, rules and criteria for qualification, features (rate, term, etc.), and comparative information in regard to competitor funds;
- Make GMIF interest free;
- Provide 100 per cent of funding dollars required, not 25 per cent;
- Offer a stepped approach to GMIF funding (i.e., the first \$50,000 grant/interest free, next \$50,000 at a low rate, etc.);
- Help municipal governments to develop other revenue sources to payback funding (i.e., landfill gas reclamation, the sale of emission credits);

- Place less emphasis on innovation and more emphasis on encouraging “effective and efficient” projects; and
- Accelerate timelines and make them clearer.

### *FCM as facilitator, capacity-builder*

- Elaborate a stronger role for FCM as a facilitator and capacity-builder in the GMF delivery in support of project application, development and implementation;
- Develop opportunities to support smaller municipal governments, including facilitating activity to help them work together;
- Encourage more opportunities for NGOs to participate and play a role in the GMF; and
- Develop FCM’s role as an integrated Web-based clearinghouse for sustainability.

### *Strengthen outreach and regional presence*

- Organize more outreach on a regional basis and position FCM to facilitate greater collaboration and participation by groups of municipal governments;
- Organize project tours and conferences of excellence on a regional basis where successful GMF initiatives can be showcased to encourage other municipal governments to get involved with the program;
- Use ‘peer to peer’ communications and ‘mentoring’ among municipal politicians and municipal officials to champion the GMF; and
- Identify and use champions or validators at the political and program manager level to facilitate greater municipal participation. Include supportive community groups and business organizations as validators.

### *Build on FCM’s relationship with provincial and territorial municipal associations*

- Work more closely with provincial and territorial municipal associations to move provincial agendas on sustainability and increase the GMF uptake; and
- Increase outreach to and work more closely with regional municipal associations.

A vigorous discussion took place in all groups regarding sustainability. From the discussions, it is clear that municipal governments in Canada are at different stages in their capacity and interest to engage in sustainable community development.

FCM will propose a range of improvements for the GMF Council to consider over the course of the next fiscal year aimed at increasing capacity, resources available and information dissemination. The GMF Council at its annual strategic planning meeting in November 2003 will consider focus group recommendations requiring changes to the GMF funding agreements.

### **Funds Performance**

The GMF endowment was doubled to \$250 million in the 2001 federal budget. Funding agreement negotiations that followed the budget announcement included discussions of the role the GMF could play in stimulating the economy. FCM agreed on a best efforts basis that the Investment Fund would strive to commit 40 per cent of its funds (\$80 million) by March 31, 2003. The actual commitment level as of that date was \$22,263,000 and results from decisions by the GMF Council and FCM to not sacrifice the focus on quality applications that maximized environmental performance to achieve the targets. The pipeline of feasibility assessment proposals and potential projects is strong with all indicators pointing to the GMF achieving its long-term target range for the Investment Fund of 15 to 20 loans per year.

### **Fund Disbursement**

This fiscal year, \$5,406,620 was disbursed in Investment Fund loans and grants, bringing total disbursements since inception to \$5,506,620, 20.3 per cent of \$27,123,370 approved. The difference between the amounts approved and the amounts disbursed relates to many factors—the amount of time required to negotiate loan agreements, compliance by borrowers with the Conditions of Disbursement, and most critically, construction completion. In most cases, municipal governments prefer to finance projects using short-term prime-based bank debt and draw Investment Fund fixed-term loans only at project completion. This is a reasonable strategy considering the relatively low interest rates on prime-based debt that are currently available.

This fiscal year, \$1,724,815 was disbursed in Enabling Fund grants, bringing total disbursements since inception to \$2,111,357, 22 per cent of the \$9,581,099 approved. The difference in approved versus disbursed amounts results from a range of issues, including applicant cancellation, and delays in provincial approvals, timeline for completion of deliverables. The GMF has also strengthened its internal capacity to manage completion of contract negotiations to reduce the time difference between approvals and disbursements. This investment has resulted in significant improvements in the time needed to execute contracts. Of the 226 FCM feasibility assessments approved since inception, 34 are now complete. Seven applicants withdrew; 24 are pending Québec provincial authorization leaving 161 open files. Of the 161 open files, partial or total disbursement is pending for 120 (74.5 per cent).

### *Loan Type*

The Investment Fund is expected to achieve a balance between municipal and private-sector loans by 2010, and, at that time, private-sector loans should be evenly split between non-recourse loans and corporate loans. As of March 31, 2003, the portfolio split was 81 per cent municipal, and 19 per cent private sector, of which 10 per cent was in corporate and 9 per cent was in non-recourse approvals.

Concentrating on municipal loans initially was a strategic risk management decision of Council. Municipal loans are low-risk and more standardized in terms of structure and documentation. In the coming months, the GMF team will concentrate on more private-sector opportunities as new loan products to attract the private sector are developed and implemented.

### *Average Portfolio Interest Rate*

The Investment Fund is expected, on a best efforts basis by 2010, to average a return equal to the Government of Canada bond rate for similar maturities. As of March 31, 2003, the GMF Council had approved Investment Fund loans with interest rates that are, on average, 0.71 per cent lower than the Government of Canada bond rate.

The long-term strategy is to improve the rate of return on the loan portfolio. As the balance shifts from primarily municipal loans (at 1.5 per cent below the Government of Canada bond rate) to corporate loans, interest rate averages will tend towards the Government of Canada bond rate.

### *Allocation targets*

Investment Fund commitments are limited to 30 per cent over a three-year period in any given project category. Currently, energy and water-related projects exceed this limit. Project development is focused on re-establishing the balance by putting the emphasis on other categories. The Sustainable Transportation category, which has not yet received GMIF funding, will also be a priority target.

### *Loan Terms*

The Investment Fund may not lend for more than 10 years, and is required to have 40 per cent of the loan portfolio in loans of four to seven years, and 60 per cent of loans of eight to 10 years. Although there is no specific date set by which this requirement must be met, the GMF team is attempting to meet the requirement by 2006 when 90 per cent of the Investment Fund should be committed.

At present, most Investment Fund loans – 77 per cent of the amount approved to March 31, 2003 – are in the eight to 10 year category. This is also a consequence of the initial emphasis on municipal loans in the Investment Fund portfolio. Municipal borrowers typically tend to borrow long term to match the life of the assets they are financing and to minimize the debt service obligations. To be competitive with other sources of municipal debt, the Investment Fund not only had to offer low-interest rates to offset the application process and reporting requirements, but also had to offer the longest terms possible under the GMF funding agreement.

## Leverage

The Investment Fund may not lend more than 15 per cent of the capital cost of eligible projects without a two-thirds vote from the GMF Council, and in any case, may not lend more than 25 per cent. The average amount committed by the Investment Fund is 24 per cent, less than the maximum allowed. No one project has received from than 25 per cent loan funding from the Investment Fund, other than three pilot projects that were eligible for up to 50 per cent financing.

## Non-allocated portions of the funds

TAL Global Asset Management Inc. manages these funds according to investment directions outlined in the GMF funding agreements. Quarterly reports and a yearly review are presented to the GMF Council. Directives for investments are contained in a document called *Statement of Investment Goals and Responsibilities for Green Municipal Enabling Fund and Green Municipal Investment Fund* revised in November 2002. Along with financial directives, the statement also ensures that investments made are consistent with the funds' objectives. The funds' financial performance and compliance reports are presented to the GMF Council on a quarterly basis.

On a one-year basis, GMIF unallocated funds earned 6.97 per cent while GMEF unallocated funds earned 7.37 per cent.

## GMF Results

### Approved Feasibility Assessments and Projects

This year, 14 Investment Fund projects were approved, leveraging approximately \$79.4 million in total project value. Sixty Enabling Fund feasibility assessments leveraged approximately \$8.6 million in total project value. GMEF participation in projects increased from 22.6 per cent in 2001-2002 to 37.9 per cent in 2002-2003.

Table 1 shows a decline to 60 from 132 in approved grants from the Enabling Fund for 2002-2003 from 2001-2002. The decline is the result of eliminating the backlog from year one submissions and from the focus by FCM and the GMF Council on developing proposals that were innovative and demonstrated potential for significant improvement in environmental performance. FCM also moved towards accepting applications year round this year, and the elimination of application deadlines resulted in fewer applications received. (See *Table 1 on page 24*)

The GMF has set a target of 65 approved Enabling Fund grants for 2003-2004. At the current funding cap of \$100,000 GMEF would not disburse all funds by 2007, the current wind-up date for the Enabling Fund. The target, however, assumes that focus group recommendations and the GMF experience will lead to GMF Council decisions this year to increase the funding cap. As a result, an annual target of 65 approved grants from the Enabling Fund is expected to generate the appropriate cash flow leading to agreed wind-up arrangements.

The **Town of Milton, Ontario** is taking a bold step in its sustainable community plan. With a GMEF grant, the town is studying the "eco-tech village" concept, which combines sustainable and low-impact green buildings with a "televillage" to support a more compact, live-work community.

*"The Eco-Tech Village project will enable the Town of Milton to develop a plan that integrates sustainable community development strategies into all aspects of our community development to support long-term growth and effective environmental management."*  
— Milton Mayor Gordon Krantz

# The Year in Review

**Table 1: Approved Feasibility Assessments, Projects and Pilot Projects**

**GMEF**

| Province/Territory | 2002 – 2003 |                  |                          | 2001 – 2002 |                  |                          | 2000 – 2001 |                |                          |
|--------------------|-------------|------------------|--------------------------|-------------|------------------|--------------------------|-------------|----------------|--------------------------|
|                    | #           | Grant (\$)       | Total Project Value (\$) | #           | Grant (\$)       | Total Project Value (\$) | #           | Grant (\$)     | Total Project Value (\$) |
| Alberta            | 6           | 380,550          | 826,660                  | 23          | 1,055,250        | 14,283,350               | 0           | 0              | 0                        |
| BC                 | 15          | 704,085          | 1,570,320                | 21          | 746,820          | 1,642,360                | 3           | 82,460         | 164,920                  |
| Manitoba           | 1           | 50,000           | 100,000                  | 5           | 266,920          | 587,840                  | 2           | 123,300        | 246,650                  |
| New Brunswick      | 2           | 44,990           | 89,990                   | 4           | 89,000           | 198,000                  | 1           | 100,000        | 230,000                  |
| NF & Labrador      | 3           | 38,550           | 81,100                   | 0           | 0                | 0                        | 1           | 5,750          | 11,500                   |
| Nova Scotia        | 2           | 106,000          | 307,000                  | 3           | 112,013          | 264,025                  | 0           | 0              | 0                        |
| Nunavut            | 0           | 0                | 0                        | 0           | 0                | 0                        | 0           | 0              | 0                        |
| NT                 | 2           | 63,250           | 115,500                  | 0           | 0                | 0                        | 0           | 0              | 0                        |
| Ontario            | 18          | 1,572,332        | 4,834,364                | 50          | 2,505,776        | 6,512,015                | 3           | 160,206        | 320,411                  |
| PEI                | 0           | 0                | 0                        | 2           | 57,500           | 115,000                  | 0           | 0              | 0                        |
| Quebec             | 3           | 142,445          | 284,890                  | 19          | 809,277          | 1,712,717                | 2           | 55,000         | 110,000                  |
| Saskatchewan       | 7           | 137,125          | 275,350                  | 3           | 105,000          | 210,000                  | 0           | 0              | 0                        |
| Yukon              | 1           | 25,000           | 120,045                  | 2           | 42,500           | 110,110                  | 0           | 0              | 0                        |
| <b>TOTAL</b>       | <b>60</b>   | <b>3,264,327</b> | <b>8,605,219</b>         | <b>132</b>  | <b>5,790,056</b> | <b>25,635,417</b>        | <b>12</b>   | <b>526,716</b> | <b>1,083,481</b>         |

**GMIF**

| Province/Territory | 2002 – 2003 |                  |                   |                          | 2001 – 2002 |                |                  |                          | 2000 – 2001 |                |                |                          |
|--------------------|-------------|------------------|-------------------|--------------------------|-------------|----------------|------------------|--------------------------|-------------|----------------|----------------|--------------------------|
|                    | #           | Grant (\$)       | Loan (\$)         | Total Project Value (\$) | #           | Grant (\$)     | Loan (\$)        | Total Project Value (\$) | #           | Grant (\$)     | Loan (\$)      | Total Project Value (\$) |
| Alberta            | 0           | 0                | 0                 | 0                        | 0           | 0              | 0                | 0                        | 1           | 150,000        | 425,000        | 2,000,000                |
| BC                 | 5           | 2,513,750        | 9,158,620         | 36,601,297               | 1           | 100,000        | 2,100,000        | 14,000,000               | 0           | 0              | 0              | 0                        |
| Manitoba           | 0           | 0                | 0                 | 0                        | 0           | 0              | 0                | 0                        | 0           | 0              | 0              | 0                        |
| New Brunswick      | 0           | 0                | 0                 | 0                        | 0           | 0              | 0                | 0                        | 0           | 0              | 0              | 0                        |
| NF & Labrador      | 1           | 0                | 2,000,000         | 8,000,000                | 0           | 0              | 0                | 0                        | 0           | 0              | 0              | 0                        |
| Nova Scotia        | 2           | 500,000          | 1,678,000         | 6,712,000                | 0           | 0              | 0                | 0                        | 0           | 0              | 0              | 0                        |
| Nunavut            | 0           | 0                | 0                 | 0                        | 0           | 0              | 0                | 0                        | 1           | 77,500         | 77,500         | 315,000                  |
| NT                 | 0           | 0                | 0                 | 0                        | 0           | 0              | 0                | 0                        | 0           | 0              | 0              | 0                        |
| Ontario            | 2           | 1,000,000        | 2,025,000         | 12,462,000               | 2           | 20,000         | 650,000          | 1,780,000                | 1           | 100,000        | 100,000        | 800,000                  |
| PEI                | 0           | 0                | 0                 | 0                        | 0           | 0              | 0                | 0                        | 0           | 0              | 0              | 0                        |
| Quebec             | 1           | 0                | 1,125,000         | 4,500,000                | 1           | 50,000         | 0                | 344,655                  | 0           | 0              | 0              | 0                        |
| Saskatchewan       | 3           | 300,000          | 2,873,000         | 11,159,000               | 0           | 0              | 0                | 0                        | 1           | 50,000         | 50,000         | 365,000                  |
| Yukon              | 0           | 0                | 0                 | 0                        | 0           | 0              | 0                | 0                        | 0           | 0              | 0              | 0                        |
| <b>TOTAL</b>       | <b>14</b>   | <b>4,313,750</b> | <b>18,859,620</b> | <b>79,434,297</b>        | <b>4</b>    | <b>170,000</b> | <b>2,750,000</b> | <b>16,124,655</b>        | <b>4</b>    | <b>377,500</b> | <b>652,500</b> | <b>3,480,000</b>         |

**Table 2: Number of Applications and Approvals**

Total number of GMEF approved is 204

Total number of GMIF approved is 22

|   | GMEF      |           |           | GMIF      |           |                          |
|---|-----------|-----------|-----------|-----------|-----------|--------------------------|
|   | 2002/2003 | 2001/2002 | 2000/2001 | 2002/2003 | 2001/2002 | 2000/2001 <sup>(1)</sup> |
| Intent to Apply forms submitted                 | 100       | 260       | 740       | 72        | 74        | 224                      |
| Accepted Intent to Apply forms                  | 76        | 207       | 410       | 37        | 32        | 69                       |
| Completed Applications submitted <sup>(1)</sup> | 89        | 213       | 174       | 18        | 22        | 27                       |
| Approvals                                       | 60        | 132       | 12        | 14        | 4         | 4                        |

(1) Some applicants with Intent to Apply accepted in 2001-2002 submitted their application form in 2002-2003.

### Regional Balance

The GMF committed funding for each of the five regions of Canada. The Atlantic region accounted for 11.6 per cent and 21.4 per cent of GMEF and GMIF approvals respectively; British Columbia, which includes the Yukon, accounted for 26.7 and 35.8 per cent respectively; Ontario accounted for 30 and 14.3 per cent respectively; the Prairie Region (Alberta, Manitoba, Saskatchewan, Northwest Territories and Nunavut) accounted for 26.7 and 21.4 per cent respectively; and Québec accounted for 5 and 7.1 per cent respectively.

Three approved GMIF projects in each of the Atlantic and Prairies regions in 2002-2003 demonstrate a marked improvement over last year, when neither region was represented.

FCM is working closely with federal and provincial representatives to resolve the current impasse with the Government of Québec regarding the disbursement of GMF funds to Québec municipal governments. Negotiations are expected to conclude successfully in the summer 2003. Once the door is open to distributing GMF funds in Québec, a promotion and outreach strategy will be launched there to increase GMF applications. Funds for Québec projects already approved are being held in trust for quick dispersal, and new proposals are under development in anticipation of a positive decision.

**Table 3: Regional Balance**

The funding agreements provide for a balance between the number of approvals and the five regions of Canada. The 5-region division is used by FCM and the Government of Canada (GoC). (See *GMIF Approvals—Regions* on page 26)

### GMEF Approvals – Regions

| Region  |            |       | 2002 – 2003 |       | 2001 – 2002 |       | 2000 – 2001 |       |
|---|------------|-------|-------------|-------|-------------|-------|-------------|-------|
|   | Population | %     | Assessments | %     | Assessments | %     | Assessments | %     |
| Atlantic  | 2,285,729  | 7.6   | 7           | 11.6  | 9           | 6.8   | 2           | 16.7  |
| British Columbia (including Yukon)  | 3,936,412  | 13.1  | 16          | 26.7  | 23          | 17.4  | 3           | 25.0  |
| Ontario   | 11,410,046 | 38.0  | 18          | 30.0  | 50          | 37.9  | 3           | 25.0  |
| Prairies (including Alberta, Manitoba, Saskatchewan, Northwest Territories and Nunavut) | 5,137,428  | 17.1  | 16          | 26.7  | 31          | 23.5  | 2           | 16.7  |
| Quebec  | 7,237,479  | 24.2  | 3           | 5.0   | 19          | 14.4  | 2           | 16.7  |
| TOTAL   | 30,007,094 | 100.0 | 60          | 100.0 | 132         | 100.0 | 12          | 100.1 |

## GMIF Approvals – Regions

| Region  |                   |              | 2002 – 2003                 |              | 2001 – 2002                 |              | 2000 – 2001                 |              |
|---|-------------------|--------------|-----------------------------|--------------|-----------------------------|--------------|-----------------------------|--------------|
|   | Population        | %            | Projects and Pilot Projects | %            | Projects and Pilot Projects | %            | Projects and Pilot Projects | %            |
| Atlantic  | 2,285,729         | 7.6          | 3                           | 21.4         | 0                           | 0            | 0                           | 0            |
| British Columbia (including Yukon)  | 3,936,412         | 13.1         | 5                           | 35.8         | 1                           | 25.0         | 0                           | 0            |
| Ontario   | 11,410,046        | 38.0         | 2                           | 14.3         | 2                           | 50.0         | 1                           | 25.0         |
| Prairies (including Alberta, Manitoba, Saskatchewan, Northwest Territories and Nunavut) | 5,137,428         | 17.1         | 3                           | 21.4         | 0                           | 0            | 3                           | 75.0         |
| Quebec  | 7,237,479         | 24.2         | 1                           | 7.1          | 1                           | 25.0         | 0                           | 0            |
| <b>TOTAL</b>  | <b>30,007,094</b> | <b>100.0</b> | <b>14</b>                   | <b>100.0</b> | <b>4</b>                    | <b>100.0</b> | <b>4</b>                    | <b>100.0</b> |

Source : Statistics Canada - Population and Dwelling Counts, for Canada, Provinces and Territories, 2001 and 1996 Censuses – 100% Data  
www12.statcan.ca/English/census01/products/standard/popdwell/Table-PR.cfm

### Urban-Rural Balance

The GMF is also committed to achieving a balance in investment to rural and urban municipal governments.

During 2001-2002, small, rural and remote communities accounted for 38.2 per cent of GMEF approvals and 50 per cent of GMIF approvals. A more appropriate balance was reached for all GMF approvals this year, with small, rural and remote communities accounting for 35 per cent of GMEF approvals and 42.9 per cent of GMIF approvals.

### Table 4: Urban/Rural Balance

The rural/urban status is based on Statistics Canada (1) definition of census metropolitan area and census area; all remaining communities considered rural. Regional organizations are considered rural except in metropolitan areas.

### GMEF

| Region                              |                   |              | 2002 – 2003 |              | 2000 – 2001 |              | 2001 – 2002 |              |
|-------------------------------------|-------------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|
|                                     | Population        | %            | Total       | %            | #           | %            | #           | %            |
| Small, rural and remote communities | 6,167,008         | 20.6         | 76          | 37.3         | 21          | 35.0         | 55          | 38.2         |
| Towns and cities                    | 23,840,086        | 79.4         | 128         | 62.7         | 39          | 65.0         | 89          | 61.8         |
| <b>TOTAL</b>                        | <b>30,007,094</b> | <b>100.0</b> | <b>204</b>  | <b>100.0</b> | <b>60</b>   | <b>100.0</b> | <b>144</b>  | <b>100.0</b> |

### GMIF

| Region                              |                   |              | 2002 – 2003 |              | 2000 – 2001 |              | 2001 – 2002 |              |
|-------------------------------------|-------------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|
|                                     | Population        | %            | Total       | %            | #           | %            | #           | %            |
| Small, rural and remote communities | 6,167,008         | 20.6         | 10          | 45.5         | 6           | 42.9         | 4           | 50.0         |
| Towns and cities                    | 23,840,086        | 79.4         | 12          | 54.5         | 8           | 57.1         | 4           | 50.0         |
| <b>TOTAL</b>                        | <b>30,007,094</b> | <b>100.0</b> | <b>22</b>   | <b>100.0</b> | <b>14</b>   | <b>100.0</b> | <b>8</b>    | <b>100.0</b> |

(1) Population and Dwelling Counts, for Canada, Census Metropolitan Areas, Census Agglomerations and Census Subdivisions (Municipalities), 2001 and 1996 Censuses – Cat. No. 93-360-XPB

## Category Balance

Ideally, investments from the GMEF should not exceed 30 per cent in any one category over a two-year period; for the GMIF, investments should not exceed 30 per cent in any one category over a three-year period. However, the GMF Council has, at their discretion, the authority to dedicate additional resources to a particular category. Due to community demand and the GMF Council's commitment to GHG emission reductions, the energy and water categories for both funds were oversubscribed.

GMIF loan and grant amounts under the energy category, for example, increased from \$700,000 (combined total) in 2001-

2002, to more than \$11 million in combined loan and pilot grant amounts in 2002-2003.

In 2002, the GMF added sustainable community planning to its roster of available categories. This has opened up many possibilities for community-wide initiatives that go well beyond a single project.

Nine GMEF studies were approved under the sustainable community planning category, up from five in the previous fiscal year. Grant approvals for this category totaled \$580,000, a five-fold increase from 2001-2002.

## Table 5: Category Balance

GMF tracks the balance in investments among the five categories (Energy, Water, Solid Waste Management, Transportation and Planning/Integrated).

### GMEF \$ per category

| Category               | 2002 - 2003 |            | 2001 - 2002 |            | 2000 - 2001 |            | Total (\$) | Cumulative Balance (%) since inception | Cumulative Balance last two fiscal years (%) |
|------------------------|-------------|------------|-------------|------------|-------------|------------|------------|--|--|
|                        | Grant (\$)  | Grant (\$) | Grant (\$)  | Grant (\$) | Grant (\$)  | Grant (\$) |            |  |  |
| Energy                 | 1,063,150   | 1,802,370  | 143,000     |            | 3,008,520   |            | 31.4       | 31.6                                   |  |
| Water                  | 623,860     | 1,882,896  | 197,938     |            | 2,704,694   |            | 28.3       | 27.7                                   |  |
| Solid Waste Management | 507,490     | 1,562,841  | 70,778      |            | 2,141,109   |            | 22.3       | 22.9                                   |  |
| Transportation         | 484,895     | 341,973    | 0           |            | 826,868     |            | 8.6        | 9.1                                    |  |
| Planning               | 584,932     | 199,976    | 115,000     |            | 899,908     |            | 9.4        | 8.7                                    |  |
| TOTAL                  | 3,264,327   | 5,790,056  | 526,716     |            | 9,581,099   |            | 100.0      | 100.0                                  |  |

### GMIF \$ per category

| Category               | 2002 - 2003 |            | 2001 - 2002 |            | 2000 - 2001 |            | Cumulative Loans (\$) since inception | Cumulative Grants (\$) since inception | Cumulative Loans (%) since inception | Cumulative Grants (%) since inception |
|------------------------|-------------|------------|-------------|------------|-------------|------------|---------------------------------------|--|--------------------------------------|---------------------------------------|
|                        | Loan (\$)   | Grant (\$) | Loan (\$)   | Grant (\$) | Loan (\$)   | Grant (\$) |                                       |  |                                      |                                       |
| Energy                 | 8,855,000   | 2,488,750  | 650,000     | 50,000     | 150,000     | 150,000    | 9,655,000                             | 2,688,750                              | 43.3                                 | 55.3                                  |
| Water                  | 5,981,000   | 800,000    | 2,100,000   | 120,000    | 502,500     | 227,500    | 8,583,500                             | 1,147,500                              | 38.6                                 | 23.6                                  |
| Solid Waste Management | 4,023,620   | 1,025,000  | 0           | 0          | 0           | 0          | 4,023,620                             | 1,025,000                              | 18.1                                 | 21.1                                  |
| Transportation         | 0           | 0          | 0           | 0          | 0           | 0          | 0                                     | 0                                      | 0                                    | 0                                     |
| Integrated             | 0           | 0          | 0           | 0          | 0           | 0          | 0                                     | 0                                      | 0                                    | 0                                     |
| TOTAL                  | 18,859,620  | 4,313,750  | 2,750,000   | 170,000    | 652,500     | 377,500    | 22,262,120                            | 4,861,250                              | 100.0                                | 100.0                                 |



### Greater Kingston Trade Winds Project

#### *Hearthmakers Energy Cooperative Inc. and the Municipality of Frontenac Islands, Ontario*

The Greater Kingston Trade Winds project combines renewable energy with municipal building energy efficiency. The project will divert a portion of the energy savings from retrofitted municipal buildings and subsidized housing units owned by the City of Kingston to purchase and use electricity generated by wind power developed at a 36-megawatt wind farm on Wolfe Island.

Hearthmakers Energy Cooperative, the lead proponent on two GMEF grants—one to study wind energy and one to implement energy retrofits of municipally owned buildings—is working alongside its partners, the City of Kingston, the Municipality of Frontenac Islands and GAIA Power.

“If it hadn’t been for the Green Municipal Funds, this project wouldn’t have gone ahead,” said Father Brian Hart, chair of Hearthmakers Energy Cooperative. “Granting bodies often have a diverse number of areas, but FCM’s Green Municipal Funds is specifically about environmental issues, and they encourage the involvement of the local municipality. That’s a winning combination.”

Father Hart found the GMF application process and approval—all of which was done electronically—quick and easy. “Our first point of contact was FCM’s Web site, and I found that very helpful in preparing the application. We are a bit of a different animal in that the City of Kingston wasn’t the prime proponent. We’re a non-profit group, and we’re taking the lead in the proposal, but FCM was very open to new ways of doing things.” Early in the application process, Bryan Flannigan, one of GMF’s Project Development Managers, travelled to Kingston and met with Hearthmakers. “Bryan was very supportive, and we like to hear that because encouragement is so important.”

The wind energy study is being conducted in conjunction with a study of municipal building retrofits. The City of Kingston owns 40 municipal buildings and 1,000 subsidized housing units, and wants to achieve an overall reduction of 35 per cent in energy consumption and greenhouse gas emissions through conventional and non-conventional renovations. The energy savings will then support the purchase of green power from the proposed wind farm.

Father Hart reported that both studies would be finalized by the fall of 2003 or early spring of 2004. Inventories of energy use and greenhouse gas emissions have already been compiled of Kingston’s municipally owned buildings, and audits began this spring. By the summer of 2003, they will begin looking at specific retrofit opportunities.

“Even now, we’re moving beyond the feasibility stage to the implementation phase. Studies for connectivity are now being commissioned, we’ve signed up land options with the local land owners, are preparing environmental impact studies, and have put out a request for qualifications for companies that manufacture wind turbines.” Father Hart also said that he is working with the local municipal governments to see how they might access the Green Municipal Investment Fund in order to invest in the wind energy initiative.

### Sustainable Living Project: Phase I

#### *Town of Craik and the Rural Municipality of Craik, Saskatchewan*

With a combined population of less than 1,000 people, the Town of Craik and the Rural Municipality of Craik are embarking on a project to bring the eco-village concept to this small farming community.

Phase I of its project, which received a GMIF loan and grant this year, is to build a Straw Bale Eco Meeting Centre. The Centre will consist of two meeting rooms with moveable walls and will also serve as an educational centre, showcasing the latest in green building technologies, such as straw bale walls, groundwater heat pumps, solar and wind energy, composting toilets, a grey water system and a rainwater capture system.

“We have all the architectural and engineering plans, and our builder is ready to go,” said Shirley Eade, Administrator with the Town of Craik. “We’re hoping to have the building done by the end of this year or early in the spring of 2004.” The Rural Municipality donated 100 acres of land for the project, and the town worked with the Prairie Institute of Human Ecology in the design of the building.

The building is the first step in the town’s sustainable living project. For the eco-village, the town hopes to attract four to six families to actively participate in this project over the next few years. “They will need to build their own energy-efficient house and provide us with a business plan. In return we’ve set aside 127 acres for the project, split into five- to 20-acre plots.”

Ms. Eade believes that receiving the GMIF loan and grant was a deciding factor in gaining the interest of its other partners, such as SaskWater and SaskPower. “It just wouldn’t have happened otherwise,” she said. “When we first talked to them, many of them were interested, but the momentum truly built once we had FCM’s support.” The entire application process was done electronically, and although initially Ms. Eade reports that they were a bit discouraged that it took longer than they expected, said that the process went well. “Small towns don’t tend to get caught up much with all the bureaucracy, so perhaps we expected things to move quicker than they did. But the GMF staff really helped us to put the finishing touches on our proposal since they know all the angles that need to be covered.”

Ms. Eade believes that funding, like that received from the GMF, goes further in small communities. “Craik has always had a strong sense of community and we’re used to volunteering, so \$1,000 here goes further than \$10,000 in a city.” Small and rural communities also face challenges in obtaining financing for sustainable development projects. Ms. Eade pointed to some lending institutions that are wary of investing in rural communities in case businesses do not succeed. “So you can imagine how delighted we were to get the funding and that FCM had the confidence in us,” she said. “They won’t be disappointed.”

### **Methane oxidation as GHG reduction method for solid waste landfills**

#### *City of Leduc, Alberta*

Over the years, many of Canada’s large cities have actively extracted methane as a fuel from their landfill sites. Many smaller landfill sites, however, do not. The City of Leduc, just south of Edmonton and with a population of about 15,000 people, began a pilot project to do just that.

Beginning with a GMEF grant, the city studied the best method of designing and engineering waste disposal sites to reduce emissions through passive oxidation of methane, a process whereby methane converts to carbon dioxide in the presence of oxygen. Since one tonne of methane has the same global warming effect as 21 tonnes of carbon dioxide (CO<sub>2</sub>), the potential to reduce overall GHG emissions through this process is dramatic.

First, laboratory tests were conducted to determine which different types of landfill covers would work best at the actual landfill site. Using materials native to the Leduc site, yard waste compost proved to be the most effective type of soil cover. Emissions tests at the site determined that it produces approximately 80 tonnes of methane each year, and on one of the tested emissions spots, a pilot methane oxidation monitoring bed (“MethOx bed”) was constructed. Once the native clay cover had been scraped away, the MethOx bed placed a synthetic liner over a drainage layer of tire shreds, which in turn acted to channel methane emissions upward through the bed. Yard waste compost was then placed in layers within the four sealed wooden walls of the MethOx bed with temperature, moisture and gas monitoring sensors installed in each layer and each quadrant.

“The spring, summer, and early fall results were tremendous,” said Bruce Taylor of Taylor Environmental Consulting, who was hired by the city to undertake the study. During the first two months of monitoring in the fall of 2001, the MethOx bed achieved a 90 per cent reduction in methane emissions “In the colder winter months the ambient temperature drops and the temperature inside the oxidation bed drops. It requires a consistent temperature of 25° to 30° C, so our next step will be to

attempt to recover heat from the biomass in the landfill and distribute the heat throughout the bed and keep the temperature consistent all year round.”

A conservative estimate suggests that a 50 per cent reduction in methane could be achieved year round, a particularly impressive figure given that the U.S. Environmental Protection Agency had suggested that methane oxidation was only 10 per cent effective over the course of a year.

Mr. Taylor believes that the combination of the GMEF grant and the city’s “forward thinking” were decisive factors in this study. “When word came back that the GMF had accepted our application, there was renewed interest.” The pilot project has also become one of the highlights during tours of the landfill. “The city has a significant ‘good neighbour’ policy—no one wants to live next door to landfill—so this has added to its credibility as well. The city will be judged on what they do, not what they say.”

Leduc was one of the first municipal governments to apply to the GMF for this type of landfill project, and there were some delays in the original application process. However, Mr. Taylor stressed that “you expect some glitches early on. After that, I’ve had nothing but extremely good co-operation.”

Mr. Taylor reserved particular praise for Monique Delinelle, the GMF’s Information Officer and Applications Co-ordinator. “One of my last discussions with Monique, she was sick that day and she gave me her home number so that I could reach her. That’s going above and beyond the call of duty and my hat is off to her.”

### Markham’s On a Roll

#### *Town of Markham, Ontario*

Markham has undertaken several waste diversion programs over the years and has enjoyed great success. Its main landfill site, however, is slated for closure and this spurred the town to find even more ways to reduce solid waste and increase recycling efforts.

Markham’s On a Roll pilot project selected 588 single-family homes to study a three-stream method of recycling and organic collection for six months. Once the six-month period expired, households were asked to extend their participation for an additional six months to determine if there were any significant differences in collection during winter months. Almost all (91 per cent) of households agreed to continue with the project.

One 272-litre wheeled cart was used for organic materials, including kitchen and yard waste, as well as meat scraps and bones. Another 417-litre cart was divided—one half with a black lid for regular garbage, the other half with a blue lid for recyclable materials including paper, plastics and metals. Collection trucks were outfitted with a driver-operated lifting arm that lifted the garbage/recycling cart and inverted it so that the two streams slid into separate bins.

An earlier pilot program called Markham – Bag It! had achieved a 52 per cent diversion rate for recyclables, up from an average of 34 per cent for the town. Markham’s On a Roll project hoped to improve upon this pilot’s results. After a full year of the project, the overall diversion rate climbed to 60 per cent, with 98 per cent monthly participation for recyclables, and 73 per cent for organic materials. The lower participation for organics was due to the fact that two of every three households in the pilot project had backyard composters.

Peter Veiga, Waste Management Co-ordinator for the Town of Markham, reported that the town expects to roll out a variation of the program community-wide in the fall of 2003. “We received Green Municipal Funds to study the cart-based program, but found that the carts were too big.” The study has

helped them pinpoint improvements in the system. “In the community-wide program, we’ll use smaller containers, perhaps 50 litres, and use manual pick up instead of the dual-compartment automated trucks.” In addition, kitchen waste will be collected separately from yard waste.

“We were one of the first projects to be approved by the GMF, and without it, the project would have been a challenge,” said Mr. Veiga. “It definitely helped us gain peer recognition from other municipalities regarding the way we collected data.” He was also very appreciative of the GMF staff’s flexibility and willingness to work with them on the issues. “Overall, it was a very pleasant experience and we’d do it again.”

### **Charlottetown’s Innovative Public Transit System Feasibility Study**

#### *City of Charlottetown, P.E.I.*

Charlottetown is the only provincial capital in Canada without a formal public transit system. The city does provide subsidized bus service for seniors and door-to-door services for those with disabilities, but increased traffic congestion throughout the city and pressure from the public to implement a formal transit system have been building for some time.

The city received a GMEF grant to study the feasibility of implementing a city-wide transit system. “With the funding to conduct the study, we were able to put transit forth as an issue before our residents,” said Donna Waddell, Director of Corporate Services.

According to Ms. Waddell the GMF application process was not a simple one, but with all of the accountability issues that GMF faces, it was understandable that it took awhile. “Our experience with the GMF staff was wonderful and we enjoyed working with them,” she said.

The city hired a private consulting firm to conduct a wide-ranging series of public consultations. More than 20 stakeholder groups representing such organizations as service agencies, transportation providers, secondary and post-secondary school representatives, seniors’ groups, tourist agencies, the Chamber of Commerce and the Downtown Business Association took part

in the sessions. The consulting firm also studied the existing transportation conditions in the city, opportunities and barriers, and then developed six service options.

Of the six, one was chosen and a full business plan was developed. That option divides the major urban area into four zones. Vehicles would operate on a dynamic route in which the driver or dispatcher establishes the route based on customer calls for pick-up. Each route would have a fixed portion that would provide faster travel times between the given zone and major destinations, and would provide service through major travel corridors. Also, given Charlottetown’s busy summer tourist season, a fixed-route shuttle bus would give tourists access to the downtown core and the rest of the transit system.

The projected environmental impact of implementing a public transit system is impressive. Compared to baseline transit numbers collected by the consulting firm, full implementation of a transit system could reduce fuel consumption from commuter automobile traffic by as much as 125,000 litres of fuel and associated greenhouse gas emissions by 375,000 kilograms annually.

Economic factors will need to be addressed, since a full transit system will raise the current per-capita subsidy from \$4.40 to \$7.10, but the city is now working on an implementation plan. “We are planning to send out the request for proposals soon, and get a city-wide system up and running within the year,” said Ms. Waddell.

### **Municipal Solar Pool Heating Retrofit**

#### *Greater Vancouver Regional District, B.C.*

The Greater Vancouver Regional District (GVRD) is one of Canada’s leading and most populous areas, and has long been a nexus of environmental concern and awareness. With a GMEF grant, the GVRD commissioned an engineering firm to study the viability of solar energy as a means of heating the water in 13 swimming pools located in the District, including the one at the University of British Columbia (UBC).

“We were one of the very first round of GMEF applications, so at that time FCM was still working out the bugs in the application process,” said Patrice Rother, Air Quality Planner

with the GVRD. “But the most important fact was that the relevant information got to the people who needed to see it, and whenever I had questions, FCM staff was there.”

The study took the potential economic and environmental advantages of solar energy as a given, and analyzed the relative merits of three types of solar heating system: unglazed solar panels, glazed solar panels, and evacuated tube solar panels.

Of the options presented, the engineering firm recommended an RD-5 system, a relatively simple integration of evacuated tube solar technology into the existing systems. Even though the initial costs are slightly more than double that of installing unglazed solar panels, the energy efficiency of the evacuated tube system will result in positive cash flow just as fast (an approximately 20-year payback).

The system’s potential to reduce greenhouse gas emissions was a key reason for this recommendation. The evacuated tube panels will result in annual GHG reductions two to three times higher than for unglazed solar panels, and 40-50 per cent higher than for glazed ones.

The methodology used illustrates the need to consider lifecycle costing, including long-term financial and environmental consequences, rather than simply looking at short-term capital costs. In addition, several partners were involved in the initiative, and the GMEF grant helped to gain support for the project.

“There’s no question that a great deal of credibility and confidence was built by having GMF contribute to the study,” said Ken Reid, Project Manager in the GVRD’s Policy and Planning Department. “It allowed many municipalities to begin understanding how federal funding for climate change related initiatives could be applied to their municipality, and also to begin developing the expertise required to successfully access the funds.” Mr. Reid suggested that the amount of funding was not the important issue, rather, that the study was a cost-sharing partnership initiative. “It reinforced the idea that it was a project that was deemed important. It seems likely that if GMF funds had not been available, the project would not have gone ahead.”



## The GMF and the Centre for Sustainable Community Development

The GMF partners with FCM's Centre for Sustainable Community Development (where GMF is housed), whose mission is to serve and work with Canadian municipal governments to improve quality of life through sustainable community development. The Centre offers a number of complementary programs, services and resources that take a whole-systems approach to sustainable community development.

Partnering is an important tool in maximizing the GMF's profile and community applications. Indeed, the interest shown by Canadian municipal governments in FCM services and programs reinforces the strong and effective partnership that has been forged between the GMF and the Centre for Sustainable Community Development. Details on some of these programs and resources are outlined below.

The **District of North Vancouver, B.C.**, a PCP participant, received a GMEF grant to study how eco-industrial networking (EIN) could be incorporated into its Maplewood sustainable community plan. EIN principles support a diverse local economy by bringing together industry, government, and residents to increase the eco-efficiency of existing businesses. The grant will also help move the District's PCP process further along because EIN principles follow many of the same processes that make up PCP Milestone Three.

*"Maplewood is a way to gain the benefits of PCP, It's a great example of two parallel processes with a shared goal."*

— *Richard Boase,*  
*Environmental Protection Officer*

### *Partners for Climate Protection (PCP)*

PCP is a Five Milestone framework that guides municipal governments through a series of steps—from compiling baseline information on energy use and GHG emissions, to setting targets and goals for reductions, implementing a local action plan and measuring and evaluating success.

Municipal governments involved in PCP are encouraged to apply to the GMF to develop inventories, action plans and to execute GHG reduction projects. One-quarter of the more than 100 participating communities are now at Milestone Three, the local action planning stage. The new GMIF Demonstration category will be of particular interest to those communities.

### *FCM-CH2M HILL Sustainable Community Awards*

These awards recognize and celebrate the leadership of municipal governments in service delivery and operations that contribute to a sustainable future.

Six of the nine communities that won an FCM-CH2M HILL Award this year have also applied to the GMF: Vancouver, B.C.; Markham, Hamilton and Ottawa,

Ontario; and Edmonton and Lethbridge, Alberta.

The **City of Vancouver, B.C.**, a 2003 award winner, received a GMIF loan to expand its landfill gas collection and flare system. The city's partner, Maxim Power Corporation, will build a 2.5-kilometre pipeline and cogeneration plant, and BC Hydro will purchase all the electricity generated, under its Green Energy Program. A portion of the revenue will be returned to the city and to the Corporation of Delta, where the landfill gas system is situated.

## *The GMF and the Centre for Sustainable Community Development*

### *Community Energy*

#### *Mission*

Developing a community approach to energy development and distribution has been a focal point for FCM for many years. The GMF and FCM host an annual Community Energy Mission that focuses primarily on the technologies that support community energy systems. The 2002 Community Energy Mission to Denmark was a great success, with over 30 elected officials and municipal staff visiting over 10 sites that apply community energy systems and technologies.

The City of Hamilton, Ontario has participated in several of these Missions, and in 1999, a city councillor who took part in that year's Mission to Sweden, brought the idea of district heating before council. City councillors also attended subsequent Missions to Finland, Norway, and Denmark. The city's community energy system, in partnership with Hamilton Community Energy, is based on a European district heating design and was one of the 2003 FCM-CH2M HILL Sustainable Community Award winners.

### *Affordability and Choice Today (ACT)*

ACT provides grants to help municipal governments overcome regulatory barriers facing innovative housing programs that can improve a community's quality of life. Of the 2003 ACT grant recipients, six have applied to the GMF: Montreal, Québec; Hamilton, Timmins and Toronto, Ontario; and Whistler and Prince George, B.C.

A statement of plans for 2003-2004 was completed in March 2003. What follows is a summary of the key objectives for next fiscal year. The full details of next year's plans can be found in the document entitled *Green Municipal Funds 2003-2004: Annual Statement of Plans and Objectives*, available on the Sustainable Communities Knowledge Network (<http://kn.fcm.ca>).

The year ahead for the Green Municipal Funds can be summed up in two words: **client service**.

Green infrastructure projects that generate economic, social and environmental benefits for communities are but one litmus test driving the GMF Results Management System. If sustainable community development is the ultimate outcome, excellent client relations must be the foundation upon which success is built.

The key objectives for next fiscal year not only concentrate on achieving measurable economic, social and environmental results, but also highlight the GMF core value of providing high quality service to its municipal clients.

### 2003-2004 GMF Objectives

The key GMF objectives for the next fiscal year are to:

- Approve 15 GMIF projects loans and 10 pilot projects for a total commitment of at least \$45 million.
- Approve 65 GMEF feasibility assessments.
- Meet the following targets for GMEF approved grants to achieve a balance among the categories:
  - Energy: 36.5 per cent (2002-2003 results: 32.6 per cent)
  - Water: 16.6 per cent (2002-2003 results: 19.1 per cent)
  - Waste 18 per cent (2002-2003 results: 15.5 per cent)
  - Transportation 15 per cent (2002-2003 results: 14.9 per cent)
  - Sustainable Community Planning: 13.9 per cent (2002-2003 results: 17.9 per cent)
- Meet the following targets for GMIF approved loans to achieve a balance among the categories:
  - Energy: 37 per cent (2002-2003 results: 47.0 per cent)

- Water: 41.4 per cent (2002-2003 results: 31.7 per cent)
- Waste 15.4 per cent (2002-2003 results: 21.3 per cent)
- Transportation 6.3 per cent (no GMIF loans were approved for this category in 2002-2003)
- Mine the GHG emission reduction potential identified in the business studies done of landfill gas, community energy systems, renewable energy and municipal operations projects.
  - Of the 27 sites studied for landfill gas projects, five represent good utilization opportunities.
- Complete the analysis, now under way, and business studies for the GHG emission reduction potential associated with the waste management and transportation sector, with the view toward financing at least one transportation project.
- Complete the two ERR pilot projects by proceeding with the first carbon trade, and developing new loan products for brownfield redevelopment and resource recovery.
- Organize face-to-face meetings in communities submitting multiple proposals to GMF to advance an integrated approach to sustainable community development.

### *Refining Application, Approval and Integration Processes*

Revised application forms, peer review evaluation grids, guides and GMF summary sheets will make applying to the GMF easier for applicants and give the GMF Council enhanced information that will, in turn, shorten approval and contract negotiation timelines. The duration of the application stage for GMEF grants has been targeted at 150 days or less (five months); for GMIF loans the target is 180 days or less (six months). The new scoring grid will include lifecycle assessment, GHG reduction potential and information on municipal decision-making processes.

A database to complement the GMF Result Management System was installed in the spring of 2003 and will be monitored and improved as required. A 14-day turnaround for electronically reviewed applications has been set as a target for 2003-2004.

In addition, 90-day and 120-day targets for GMEF and GMIF, respectively, have been set to reduce the time gap between the scheduled disbursement of funds and the actual disbursement date. Applicants that were previously rejected will also be contacted to determine whether new and/or revised submissions can be generated.

### *Sustainable Communities Demonstration Category*

The GMF Council approved the concept of the Sustainable Communities Demonstration category this year.

The GMF currently uses a systems approach with municipal governments, and recognizes that, to achieve maximum environmental improvement, a whole-systems approach is required. The Sustainable Communities Demonstration category will support projects that do just that—giving Canadians a “first time” opportunity to see sustainable community development implemented using a holistic, community or neighbourhood-wide approach.

The initiative will be launched as part of an overall package of improvements in the fall of 2003.

### *GMEF-to-GMIF Conversion Strategy*

A conversion strategy to turn study, demonstration and pilot results into projects is now under way and includes:

1. conducting follow up interviews with proponents to determine next steps;
2. encouraging submission of feasibility results to council for decisions on next steps; and
3. application triggers to identify GMEF proposals that would be eligible for GMIF funding.

In addition, new communication and outreach products will be developed that emphasize the advantages to municipal governments of converting GMEF studies to GMIF projects. More face-to-face community-based meetings will be organized with municipal officers to describe the advantages of a holistic/systems approach to sustainable community development and the benefits of converting GMEF studies, demonstrations and pilots to GMIF projects.

### *A Team Approach to Client Service*

Project officer teams will be formed to work with communities submitting multiple applications. The aim is to better serve a community's needs and to integrate decision-making.

### *Communications and Client Feedback*

A comprehensive communications strategy to support the 2003-2004 GMF objectives is now being developed using a whole-systems approach and will incorporate social marketing

techniques and principles. This will include strategically positioning the GMF at the Sustainable Communities National Conference and Trade Show to be held in Ottawa in February 2004. From the Conference, and through other meetings held with municipal governments and their private-sector partners, an electronic mailing list of key stakeholders will be developed.

Part of this strategy includes partnering with other programs within FCM's Centre for Sustainable Community Development to maximize the GMF's outreach to municipal governments. Partnerships this fiscal will include the Community Energy Mission, the FCM-CH2M HILL Sustainable Community Awards and the Sustainable Communities Conference. A targeted outreach campaign will be developed to communities that already participate in the Awards, Mission and Partners for Climate Protection programs to encourage them to apply to the GMF. Additional communications campaigns that target under-represented regions or issues will continue this year.

A focus group study will be conducted annually and will be complemented by a yearly telephone survey of key municipal leaders and project officers in all geographic regions. In addition, a survey process will be established in 2003-2004 to assess client satisfaction. It will be the final step in the GMF application process to identify opportunities for improvement.

### *Sustainable Communities Knowledge Network*

All new communications resources developed for GMF will be available on the Knowledge Network. A sub-site entry point to the GMF Web site will also be developed to profile national and local GMF activities, media coverage, photographs of initiatives, and updated results.

### *Stakeholder Relations*

Quarterly program staff-level meetings with key Government of Canada departments, most notably Environment Canada and Natural Resources Canada, will update the stakeholders on the GMF's progress. In addition, regular briefings of Parliamentarians and other key stakeholders will be held, and a quarterly newsletter that details GMF activities, achievements and key issues and plans will be produced.

## 2002-2003 GMF Approvals (by province)

### Alberta

#### Town of Canmore – Public Transit Feasibility Study

(Pop. 8,354) Grant: \$20,000; Total Project Value: \$40,000.

The study will review the goals of the Canmore Transportation Master Plan, research recent transit experience in other small Canadian communities, and develop a specific transit design and implementation manual, including a service plan with cost and revenue estimates and marketing guidelines.

#### Town of Hinton – Sustainable Industrial Park Business Plan

(Pop. 9,961) Grant: \$100,000; Total Project Value: \$255,000.

The study will develop a sustainable industrial park business plan. It will evaluate and recommend options for green building features; alternative energy systems; transportation infrastructure; shared and innovative water and waste management; and preferential recruitment of industrial sectors.

#### Town of Strathmore – Freeman Marsh Pilot Project

(Pop. 5,282) Grant: \$52,800; Total Project Value: \$116,160.

The Town of Strathmore wants to implement a long-term wastewater management strategy, involving storage in wetlands and re-use of high quality treated effluent. As part of this study, a controlled volume and quality of effluent will be introduced into an existing wetland system over a three-year period.

#### City of Grande Prairie – Efficiencies in Transportation Services for the Disabled (Pop. 31,140) Grant: \$25,000; Total Project Value: \$50,000.

The study is a needs assessment that will support the development of transportation services for persons with disabilities. It will identify strategies and a work plan to co-ordinate and improve service by eliminating duplication through co-ordinated dispatch, maintenance, and future capital purchases.

#### City of Edmonton – Edmonton's Community-Wide Greenhouse Gas Emissions Reductions and Energy Plan (Pop. 616,306)

Grant: \$100,000; Total Project Value: \$200,000. This is a key step in a multi-year process to implement a GHG emission reduction community action plan in five designated sectors (community leadership, industrial, commercial, institutional and residential).

#### Town of Peace River – Run of the River Hydroelectric

Generation Feasibility Study (Pop. 6,536) Grant: \$82,750; Total Project Value: \$165,500. A feasibility study for a Peace River run of river zero head hydro generation facility will be conducted with the GMEF contribution of \$82,750 toward this \$165,000 assessment.

### British Columbia

#### City of Prince George – Community Energy Systems-Enhanced Feasibility Study – (Pop. 75,150) – Grant: \$100,000; Total

Project Value: \$200,000. The City of Prince George will evaluate two major capital investment projects: building a combined heat and power co-generation plant fueled by wood waste from local saw mills and pulp mills; and, developing a community energy system to heat major buildings in the downtown core.

#### Uniterre Resources Limited/Village of Masset – Wind Power Feasibility Study (Pop. 1,293) – Grant: \$100,000; Total Project

Value: \$200,000. The study will assess the wind resources available and the viability of a wind power energy solution, including turbine system technology. The study will include a community consultation, site identification, a cost/benefit analysis and an environmental impact assessment.

#### District of North Vancouver – Maplewood Eco-industrial Partnership Project (Pop. 80,418) GMEF value: \$87,550;

Total Project Value: \$182,650. The study will result in a sustainable community plan that integrates, rather than isolates, industrial activity with residential and commercial areas. Eco-industrial opportunities and needs, including infrastructure requirements will be identified. The study will include public consultation and a design workshop.

#### City of Richmond – Creation Of A State-Of-The-Art Industrial Development That Incorporates Ecological Design As A Defining Feature – Conceptual Planning (Pop. 148,867)

– Grant: \$34,250; Total Project Value: \$70,000. A study to provide a framework for the design and development of a high technology eco-industrial park in the City of Richmond based on a highly integrated systems approach.

**City of Merritt – Development of a Uni-Directional Flushing (UDF) Program (Pop. 7,631) – Grant: \$25,000; Total Project Value: \$50,000.** The study will provide a fully documented uni-directional flushing program, which can easily be extended to new areas as development occurs.

**City of Vancouver – Urban Agriculture Study (Pop. 514,008) Grant: \$15,000; Total Project Value: \$30,000.** This study will result in an urban agriculture strategy to include in the official plan and will evaluate opportunities for rooftop agriculture, small-scale commercial greenhouses, tank-based aquaculture, solar aquatics, edible landscaping for private developers, fruit and nut-bearing street trees, and community gardening.

**City of Vancouver – Sustainable Transportation in South East False Creek (Pop. 514,008) – Grant: \$30,000; Total Project Value: \$60,000.** The study will make recommendations to build a sustainable transportation network in the community. Measures such as car sharing, ride sharing, transit incentives, shuttle bus services, education and awareness programs, expansion of the passenger ferry service across False Creek, and parking demand management will be evaluated.

**City of Chilliwack – Water Distribution System Leak/Loss Identification and Control Initiatives – (Pop. 60,186) Grant: \$35,710; Total Project Value: \$86,420.** Strategies and practices to track and reduce losses will be recommended. These may include creating a district metering regime; improving or enhancing customer billing; asset management and reinvestment planning; improvements in customer communication; advanced metering technologies; and acoustic leak detection.

**District of Kitimat – Geo-Thermal Technology Feasibility Study (Pop. 11,136) – Grant: \$25,075; Total Project Value: \$58,250.** The study will evaluate whether a geothermal technology (a ground source heat pump technology) is a viable alternative to conventional systems. If it proves viable, the district will consider its implementation.

**City of Revelstoke – Revelstoke Community Environmental Strategy – (Pop. 8,047) Grant: \$20,000; Total Project Value: \$40,000.** The study will develop a community-endorsed environmental strategy for sustainable community development. An integrated approach to municipal and community planning issues will consider economic, social and environmental values.

**City of Kamloops – Study Of The Application Of Green Building Technology To The River Street Water Treatment Plant – (Pop. 76,394) Grant: \$32,500; Total Project Value: \$65,000.** GMEF funding of a \$65,000 feasibility study for the City of Kamloops to select a total package of green building technologies for its new wastewater treatment facility.

**Greater Vancouver Regional District – Feasibility of Using GVRD Sewers as Heat Sources and Heat Sinks (Pop. 1,831,665) – Grant: \$15,000; Total Project Value: \$30,000.** The proposed study will evaluate the potential for heat recovery and heat dissipation to municipal sewers and identify innovative indirect effluent contact technologies that could be applied to such heat recovery/dissipation.

**City of Nanaimo – Greater Nanaimo Water District – Green Hydroelectric Power Production from Domestic Water Supply (Pop. 70,130) – Grant: \$34,000; Total Project Value: \$68,000.** This feasibility study will examine the viability of installing hydroelectric generators at the main reservoir, as well as, at a second site located on the supply main halfway between the watershed and the City of Nanaimo.

**Greater Vancouver Regional District (GVRD) – Urban Systems Plan (CUSP) for the GVRD (Pop. 1,831,665) Grant: \$100,000; Total Project Value: \$330,000.** The study will produce a sustainability plan that uses the latest tools, methods and concepts for green infrastructure and energy planning. The plan will

be included in Canada's submission to the 22<sup>nd</sup> World Gas Conference in Tokyo in 2003 and entered into the meeting's competition for sustainable urban systems design for a major metropolitan area.

**Greater Vancouver Regional District/British Columbia – TransLink – Station Car Pilot Program – (Pop. 1,831,665) GMEF value: \$50,000; Total Project Value: \$100,000.** The Station Car Pilot Program will demonstrate the commercial and environmental viability of station car mobility systems in the Greater Vancouver Regional District (GVRD).

**Gas Capture and Flare, Cedar Road Landfill Site – Regional District of Nanaimo (Pop. 70,130) – Grant: \$500,000; Total Project Value: \$1,010,000.** RDN will expand the collection system to achieve approximately 75 per cent efficiency and will surrender to GMIF the gas rights from the project for up to 10 years or until the grant funds have been recovered by GMIF from the sale of emission reduction credits (ERCs), whichever occurs sooner. At that point, ownership of the ERCs reverts to the regional district.

**Resort Municipality of Whistler – Whistler Conference Centre Renovation (Pop. 7,172) – Grant: \$1,388,750; Loan: \$5,555,000; Total Project Value: \$22,223,297.** A GMIF loan of \$5,555,000 and a grant of \$1,388,750 towards this project, with a total value of \$22,223,297, will assist the Resort Municipality of Whistler and Tourism Whistler expand the Whistler Convention Centre and convert the building to a showcase of sustainable building technology.

**Regional District of Fraser – Fort George – Gas Capture and Flare, Hart Road Landfill Site – (Pop. 98,974) Grant: \$525,000; Loan: 1,435,620; Total Project Value \$4,247,000.** The Regional District of Fraser-Fort George (RDFFG) will analyze a range of options for utilizing the LFG at its regional landfill site. The site will be progressively closed and a capture and flare landfill gas management system will be installed.

**Maxim Power Corporation/City of Vancouver Station Car Pilot Program – Vancouver Landfill Gas Utilization – (Pop. 514,008) – Loan: \$2,150,000; Total Project Value: \$8,700,000.** Vancouver Landfill Gas Utilization (VLGU) and the City of Vancouver will implement technologies to fully utilize the energy potential of landfill gas currently collected and flared at the Burns Bog site in the Municipality of Delta, British Columbia.

**Greater Vancouver Regional District – Annacis Island Wastewater Treatment Plant Effluent Reclamation and Reuse Pilot Project – (Pop. 1,831,665) – Grant: \$100,000; Loan: \$225,000; Total Project Value: \$878,000.** The pilot project will supply 500,000 L/day of high quality reclaimed water and will replace 91 per cent of the plant's potable water demand. Effluent will be filtered and chemically disinfected to produce reclaimed water that meets provincial standards for effluent reuse.

## Manitoba

**City of Winnipeg – Centennial Library – Integrated Design Process for Improved Energy and Environmental Performance – (Pop. 618,477) Grant: \$50,000; Total Project Value: \$100,000.** The City of Winnipeg's Millennium Project is a \$17-million expansion and renovation of the main public library branch. Using an integrated design process (IDP), the city will assess implementing design improvements to reduce energy use and greenhouse gas emissions.

## New Brunswick

**Southwest Solid Waste Commission/Village of McAdam – Feasibility of Enhanced Recycling/Composting – (Pop. 1,570) – Grant: \$24,990; Total Project Value: \$49,990.** A new provincial waste reduction action plan for New Brunswick will be implemented by 2006. To support implementation, the application of maximized recycling facilities, which are known to be effective in urban settings, will be evaluated in small town and rural settings for their affordability.

**City of Saint John – City Hall Energy Audit (Pop. 72,494)**  
**Grant: \$20,000; Total Project Value: \$40,000.** The City of Saint John will conduct a detailed energy audit of City Hall to identify energy efficiency measures that will help reduce the energy costs.

## Newfoundland and Labrador

**City of St. John's – Plumbing Retrofit Program (Pop. 172,918)**  
**– Grant: \$20,000; Total Project Value: \$44,000.** The study will assess retrofitting the water supply system and the impact of those improvements in deferring future system development, including a proposed primary sewage treatment plant.

**City of St. John's – Methane Gas Study – Robin Hood Bay Landfill (Pop. 172,918) – Grant: \$15,000; Total Project Value: \$30,000.** The City of St. John's is developing a plan to capture methane gas from the Robin Hood Bay Sanitary Landfill as a potential source of revenue or energy. The study is a first for the province in terms of investigating the potential for capture and utilization of methane gas from a landfill.

**Quebec-Labrador Foundation/Town of Cartwright – Alternative Wastewater Treatment Technologies for Southern Labrador (Pop. 345) – Grant: \$3,550; Total Project Value: \$7,100.** The study seeks affordable solutions to problems with leaking and unmanaged septic systems by using an alternative wastewater treatment technology, the peat filter/constructed wetland treatment system.

**Town of Gander – Water Treatment Facility (Pop. 10,364)**  
**Loan: \$2,000,000; Total Project Value: \$8,000,000.** The Town of Gander is developing a new water treatment facility to assure water quality for the long term, which will use the dissolved air flotation (DAF) system, which is expected to reduce Gander's watercolour level to fine TCU (true colour units) and the THMs to less than 20 ppb.

## Northwest Territories

**City of Yellowknife – New Water Treatment Plant Study (Pop. 17,275) Grant: \$37,500; Total Project Value: \$82,500.** The study will evaluate new water treatment technologies and conduct an on-site pilot scale study of the selected technology over a two-year period, before the design and construction phase.

**City of Yellowknife – Implementation of a New Solid Waste Strategy Program (Pop. 17,275) Grant: \$165,000; Total Project Value: \$33,000.** The study will assess the suitability and implementation of proposed recycling programs. Possible activities include depot recycling, residential composting, waste awareness programs, packaging reduction, and multi-family residential and institutional recyclables collection.

## Nova Scotia

**County of Cumberland – Leachate/Sludge/Septage Treatment Facility (Pop. 33,804) – Grant: \$25,000; Total Project Value: \$55,000.** The feasibility study will evaluate constructing a tertiary treatment plant for leachate generated by the landfill site and "septage" (liquid and solid material pumped from a septic tank, cesspool, or other source) produced by the county.

**Halifax Regional Municipality and The Good Earth Organics Resource Group – Feasibility of Developing the Organic and Transitional Farm Market for Processed Municipal and Farm Organic Wastes Using Large-Scale Vermicomposting (Pop. 359,183) – Grant: \$81,000; Total Project Value: \$252,000.** The proposed two-phase study will improve waste management options for waxed cardboard, non-recyclable paper, and animal manure by diverting them to a large-scale vermicomposting (worm composting) facility.

**Town of Lunenburg – Town of Lunenburg Sewage Treatment Project (Pop. 2,599) – Loan: \$1,178,000; Total Project Value: \$4,712,000.** This GMIF project will make a dramatic improvement in the quality of water in the Town of Lunenburg's historic Front Harbour and serve as a technology demonstration project for other similar sized coastal communities.

**Pictou County District Planning Commission – Biosolids Management Strategy (Pop. 48,718) – Grant: \$500,000; Loan: \$500,000; Total Project Value: \$2,000,000.** A GMIF \$500,000 grant combined with a GMIF \$500,000 loan towards this \$2,000,000 project should lead to substantial improvement over the existing operation of the East River Pollution Abatement System, including the production of higher quality biosolids and an increased range of options for marketing them.

## Ontario

**City of Timmins – Timmins’ Deloro Landfill Site – Collection/Treatment of Groundwater Leachate Feasibility Study (Pop. 47,499) – Grant: \$75,000; Total Project Value: \$150,000.** The feasibility study will identify and analyze alternatives to the current strategy including leachate control measures, treatment and contingency plans to eliminate the discharge of leachate and to deal with the environmental impairment due to the leachate migration.

**City of Greater Sudbury – Waste Management Optimization Study – (Pop. 165,000) – Grant: \$100,000; Total Project Value: \$250,000.** \$100,000 GMEF funding toward a \$250,000 study assessing waste management optimisation with three measurable goals – waste diversion, decreased GHG emissions from collection vehicles, and landfill gas utilization.

**Cityscape Holdings Inc./City of Toronto – Green Gooderham and Worts Complex (Pop. 2,385,421) – Grant: \$100,000; Total Project Value: \$200,000.** \$100,000 GMEF funding of a \$200,000 total value feasibility study of a multi-system, state of the art, energy and environmental technology approach to urban revitalization of the Green Gooderham and Worts Complex – one of the largest and oldest industrial/brownfield sites in Canada situated in downtown Toronto. If successful, it could set the stage for several other sustainable brownfield restorations throughout the country.

**Town of Milton – Sustainable Development Study (Eco-Technology Village Proposal) (Pop. 32,104) Grant: \$100,000; Total Project Value: \$200,000.** The outcome of the study will be a strategy to develop a sustainable Eco-Tech Village for Milton. Stakeholder and local expert consultations in sustainable

planning, design and municipal systems will identify best practices for an ETV.

**Regional Municipality of York – Quick Start Transit Initiatives (Pop. 592,445) Grant: \$100,000; Total Project Value: \$250,000.** The study is the short-term component of a multi-phase plan to develop rapid transit in the Regional Municipality of York. Quick Start measures will improve service and develop transit ridership in key transit corridors in anticipation of the long-term developments.

**City of Greater Sudbury – Feasibility Study for a Major Wind Farm (Pop. 155,601) Grant: \$100,000; Total Project Value: \$235,000.** The study will produce a business plan to develop a major wind farm with a capacity of at least 50 megawatts. It will assess the best wind turbine technology available and ensure its suitability.

**Regional Municipality of York – Rapid Transit Feasibility Study (Pop. 592,445) Grant: \$100,000; Total Project Value: \$400,000.** The study will determine the most appropriate rapid transit technology and phasing to realize the region’s target 17 per cent modal split by 2031. It will assess technologies including surface light rail, subway, and dedicated rapid bus corridors.

**Regional Municipality of Peel – Integrated Fixed Film – Activated Sludge (IFAS) Demonstration for Cost-Efficient Wastewater Treatment (Pop. 852,526) Grant: \$100,000; Total Project Value: \$1,213,000.** The pilot project will evaluate using nitrification through an innovative technology called integrated fixed film/suspended growth (IFAS). A cost-benefit analysis will be completed to compare the IFAS approach to conventional methods.

**Toronto and Region Conservation Authority/City of Toronto – An Integrated Indoor Air Biofiltration System For Municipal Infrastructure (Pop. 2,385,421) Grant: \$53,700; Total Project Value: \$107,600.** This is the first practical application of the University of Guelph’s biofiltration system technology. It will rejuvenate contaminated indoor air by passing it over a biological (green plants) surface to breakdown constituent toxins into benign substances.

**City of Windsor/University of Windsor – Windsor Combined Sewer Overflow Treatment Study with Chemical Coagulation (Pop. 197,694) Grant: \$25,000; Total Project Value: \$55,000.**

The study will evaluate an innovative retention treatment technology to reduce toxic levels in wet weather flows. The technology uses silica sand as a micro-carrier to enhance the removal of fine particles, the primary carriers of toxic pollutants.

**Town of Richmond Hill – Clean Air Local Action (Pop. 101,725) – GMEF value: \$28,132; Total Project Value: \$56,264.** The municipality will develop a local action plan that will complete Milestones Two and Three of the Partners for Climate Protection (PCP) initiative. The local action plan will identify a target, a timetable and the detailed strategy that guides planning and implementation of specific emission-reduction measures and also will measure the potential performance improvements over the current baseline.

**Town of Kearney – Sustainable Water Quality Study – (Pop. 837) Grant: \$62,500; Total Project Value: \$125,000.** The study will identify ways to protect surface and ground water quality in the headwater areas of the Magnetawan River in support of environmentally sound growth and economic development.

**Regional Municipality of Peel – Taste and Odour in Lake Ontario: Cause and Control (Pop. 852,526) Grant: \$100,000; Total Project Value: \$250,000.** By means of this study, vital information on the biological cause, production, distribution and movement of taste and odour, and the effect of temperature and light, will be gathered. The viability of two technical options – an early warning system that allows utilities to run their activated carbon systems when required and the placement of new intakes at a depth where taste and odour does not occur – will be evaluated.

**City of Timmins – Geothermal Energy Project – (Pop. 47,499) Grant: \$100,000; Total Project Value: \$263,750.** The City of Timmins and Kinross Gold Corporation will assess feasibility of application of a technology known as cavern thermal energy storage (CTES) to achieve both energy cost savings of at least 40 per cent and environmental benefits.

**County of Renfrew – Advance Road Weather Information System Network (Pop. 82,047) Grant: \$100,000; Total Project Value: \$200,000.** The County of Renfrew is evaluating an integrated network of information stations to provide road maintenance crews with timely and accurate information on pavement and atmospheric conditions.

**Hearthmakers Energy Co-operative Inc./Municipality of Frontenac Islands – Wolfe Island Wind Farm Feasibility Study (Pop. 1,402) Grant: \$100,000; Total Project Value: \$312,950.** The study will assess wind energy production as a renewable electricity option for municipalities. It is being implemented in conjunction with a Kingston study to reduce energy costs for its buildings.

**Hearthmakers Energy Co-operative Inc./City of Kingston – Community Trade Winds: Trading Energy Losses for Energy Profits (Pop. 112,605) Grant: \$100,000; Total Project Value: \$247,000.** A business plan will be developed for conducting advanced energy retrofit feasibility studies and the renovation of existing municipal and residential building stock. These measures will double the energy and greenhouse gas savings over standard energy auditing and renovation projects.

**City of Hamilton – Three Stream Waste Diversion Collection Pilot (Pop. 322,352) Grant: \$100,000; Total Project Value: \$290,000.** This project will pilot test a three-stream collection process (source-separated recyclables, organics, and garbage) in five neighbourhoods (approximately 500 households each).

**RTF Bio-refinery – Ensyn Technologies Inc./Town of Renfrew Community Trade Winds: Trading Energy Losses for Energy Profits (Pop. 8,500) Loan: \$2,025,000; Total Project Value: \$9,000,000.** A GMIF \$2,025,000 loan towards this project with a total value of \$9,000,000 will assist Ensyn Technologies Inc., partnering with the Town of Renfrew and Opeongo Forestry Services, to demonstrate that Ensyn's Rapid Thermal Process can utilize wood waste to economically produce renewable electricity and commercially valuable chemicals.

**Organic Rankin Cycle Toromont Energy Limited/City of Waterloo Community Trade Winds: Trading Energy Losses for Energy Profits – Waterloo Landfill Gas Power Plan – Heat Recovery Utilization (Pop. 77,949) Grant: \$1,000,000; Total Project Value: \$3,462,000.** The City of Waterloo and Toromont Energy Limited will explore how to use the waste heat produced by reciprocating engines. This pilot project will explore additional energy capture from waste heat and convert it to electricity producing an additional 750 kW of electricity by using the previously wasted low-grade energy. This would be the first waste heat utilization pilot project at any landfill site in Canada using ORC technology at this scale.

## Quebec

**Quebec City Community Trade Winds: Trading Energy Losses for Energy Profits – Development of a Carbon Dioxide Recycling Enzyme Bioreactor (Pop. 167,264) Grant: \$75,000; Total Project Value: \$150,000.** This study will evaluate adapting a recycling enzyme process to reduce CO<sub>2</sub>. It will identify the technical requirements, assess its economic viability and provide an on-site field test for the recycling enzyme process.

**Municipality of Saint-Damien-de-Buckland Community Trade Winds: Trading Energy Losses for Energy Profits – Implementation of a Sewage Collector and Treatment System for the Lac Dion Watershed (Pop. 2,216) – Grant: \$7,750; Total Project Value: \$15,100.** The study will evaluate collector and sewage treatment systems as alternatives to the conventional approaches such as aerated ponds, which are expensive for isolated small communities.

**City of Sherbrooke/CEREF –Transport and Economic Development Project – (Pop. 76,786) – Grant: \$59,895; Total Project Value: \$119,790.** This innovative study will explore how to reduce the environmental impacts of truck freight transport within the Sherbrooke region.

**City of Montreal – Energy Saving Project for the Biodome and the Insectarium – (Pop. 1,016,376) – Loan: \$1,125,000; Total Project Value: \$4,500,000.** Both facilities will be retrofitted to improve ventilation, heating and pumping systems, lighting and air conditioning. A thermal storage system, including solar panels to store both heating and cooling energy, will be installed to reduce electrical demand.

## Saskatchewan

**Town of Meadow Lake – Water Treatment Assessment and Improvements Strategy (Pop. 4,813) Grant: \$9,000; Total Project Value: \$18,000.** The study will assess all treatment operations and the means for enhancing the flocculation, coagulation, and filtration process in the water plant. New technology will be tested and short and long-term plans will be developed to improve water quality.

**City of Prince Albert – Wastewater Treatment Plant Heat Recovery (Pop. 34,777) – Grant: \$4,500; Total Project Value: \$9,000.** The study will assess the potential to recover heat energy from the daily discharge of wastewater. The recovered energy would be used to pre-heat the outdoor air entering the make-up air unit of the treatment plant. Preliminary estimates indicate a potential 42 per cent in energy savings, along with a 42 per cent reduction in air emissions from lower natural gas consumption.

**Village of Ile à La Crosse Proposed Landfill (Pop. 735) – Grant: \$12,500; Total Project Value: \$25,000.** This study will explore the development of a new landfill with innovative leachate management features in tandem with implementing a waste reduction and diversion program.

**City of Regina – Feasibility Study for Landfill Gas Extraction (Pop. 180,400) – Grant: \$82,500; Total Project Value: \$165,000.** The study will include on-site testing to establish the quantity and quality of the landfill gas and an assessment of the technical and financial feasibility of capturing, transmitting and using the gas.

**Town of Maple Creek – Maple Creek Energy Plan Feasibility Study (Pop. 2,307) – Grant: \$12,625; Total Project Value: \$25,250.** The Town of Maple Creek will study utilization of the municipal water system as a heat/sink source for ground source heating. This will provide low-cost energy alternatives for a proposed arena and to its residents.

**City of Regina – Regina Sewage Treatment Power Plant Production Feasibility Study (Pop. 180,400) – Grant: \$5,000; Total Project Value: \$11,100.** The City of Regina will conduct an engineering feasibility study to examine the generation of green hydroelectric power using a turbine from the sanitary sewage outfall at the municipal sewage treatment plant.

**Town of Gravelbourg – Wetland Treatment System Feasibility Study (Pop. 1,211) – Grant: \$11,000; Total Project Value: \$22,000.** This study will evaluate methods and techniques to improve sewage effluent quality from the Town's wastewater treatment system. The primary focus of the study is to investigate cost-effective, natural treatment methods such as wetlands and percolation systems that could be utilized as a post-polishing step prior to release.

**Town of Craik – Sustainable Living Project – Phase 1 (Straw Bale Eco Meeting Centre) (Pop. 441) – Grant: \$100,000; Loan: \$150,000; Total Project Value: \$508,000.** The Town of Craik and the Rural Municipality of Craik will use a GMIF \$100,000 grant and a \$150,000 loan to accomplish a \$508,000 project to explore ways to achieve long-term sustainability and rural revitalization. This is the second step of a three-step plan to construct an innovative multi-purpose building to showcase “green” technologies and environmental practices.

**City of Saskatoon – City of Saskatoon Water Treatment Sludge Reclamation (Pop. 193,647) Grant: \$200,000; Loan: \$2,303,000; Total Project Value: \$9,211,000.** The project will design and construct a sludge reclamation facility that collects water treatment wastes for utilization at the city's landfill. The sludge discharges will be entirely eliminated.

**City of Saskatoon – Solid Waste Recycling Depots (Pop. 193,647) – Loan: \$360,000; Total Project Value: \$1,440,000.** A GMIF loan of up to \$420,000 will assist this first step project with a total value of \$1,440,000 to replace 100+ old recycling depots with 10-15 “one-stop” modern recycling centres.

## Yukon

**City of Dawson – Solar Water Heating for Municipal Works (Pop. 1,287) – Grant: \$25,000; Total Project Value: \$120,045.** This study will examine the feasibility of solar thermal energy to heat a variety of municipal facilities, including the public swimming pool, thereby reducing energy costs and greenhouse gas emissions.

2002-2003 GMF Financial Statements

*Financial Statements of  
États financiers de la*

**FEDERATION OF CANADIAN MUNICIPALITIES -  
GREEN MUNICIPAL FUNDS**

**FÉDÉRATION CANADIENNE DES MUNICIPALITÉS -  
FONDS MUNICIPAUX VERTS**

*March 31, 2003  
31 mars 2003*

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**Deloitte  
& Touche**

## Auditors' Report

To the National Board of Directors and Members of the  
Federation of Canadian Municipalities

We have audited the statement of financial position of the Federation of Canadian Municipalities (FCM) - Green Municipal Funds as at March 31, 2003 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of FCM's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of FCM - Green Municipal Funds as at March 31, 2003 and the results of their operations and their cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

## Rapport des vérificateurs

Au Conseil national d'administration et aux membres de la  
Fédération canadienne des municipalités

Nous avons vérifié l'état de la situation financière de la Fédération canadienne des municipalités (FCM) - Fonds municipaux verts au 31 mars 2003 et les états des résultats, de l'évolution des soldes des fonds et des flux de trésorerie de l'exercice terminé à cette date. La responsabilité de ces états financiers incombe à la direction de la FCM. Notre responsabilité consiste à exprimer une opinion sur ces états financiers en nous fondant sur notre vérification.

Notre vérification a été effectuée conformément aux normes de vérification généralement reconnues du Canada. Ces normes exigent que la vérification soit planifiée et exécutée de manière à fournir l'assurance raisonnable que les états financiers sont exempts d'inexactitudes importantes. La vérification comprend le contrôle par sondages des éléments probants à l'appui des montants et des autres éléments d'information fournis dans les états financiers. Elle comprend également l'évaluation des principes comptables suivis et des estimations importantes faites par la direction, ainsi qu'une appréciation de la présentation d'ensemble des états financiers.

À notre avis, ces états financiers donnent, à tous les égards importants, une image fidèle de la situation financière de la FCM - Fonds municipaux verts au 31 mars 2003, ainsi que des résultats de leur exploitation et de leurs flux de trésorerie pour l'exercice terminé à cette date selon les principes comptables généralement reconnus du Canada.

*Deloitte & Touche LLP / s.r.l.*

Chartered Accountants

Comptables agréés

May 9, 2003

Le 9 mai 2003

**FEDERATION OF CANADIAN MUNICIPALITIES -  
GREEN MUNICIPAL FUNDS  
Financial Statements  
March 31, 2003**

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**FÉDÉRATION CANADIENNE DES MUNICIPALITÉS  
- FONDS MUNICIPAUX VERTS  
États financiers  
31 mars 2003**

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PAGE

|                                       |        |  |
|---------------------------------------|--------|--|
| Statement of Financial Position       | 1      | État de la situation financière          |
| Statement of Operations               | 2      | État des résultats                       |
| Statement of Changes in Fund Balances | 3      | État de l'évolution des soldes des fonds |
| Statement of Cash Flows               | 4      | État des flux de trésorerie              |
| Notes to the Financial Statements     | 5 - 10 | Notes complémentaires                    |

**FEDERATION OF CANADIAN MUNICIPALITIES**  
**Statement of Financial Position - Green Municipal Funds**  
**as at March 31, 2003**

**FÉDÉRATION CANADIENNE DES MUNICIPALITÉS**  
**État de la situation financière - Fonds municipaux verts**  
**au 31 mars 2003**

|   | 2003                                   |  |                       | 2002                                   |  |                       |  |
|---|--|--|-----------------------|--|--|-----------------------|--|
|   | Green Municipal<br>Enabling Fund       | Green Municipal<br>Investment Fund       | Total                 | Green Municipal<br>Enabling Fund       | Green Municipal<br>Investment Fund       | Total                 |  |
|   | Fonds d'habilitation<br>municipal vert | Fonds d'investissement<br>municipal vert | Total                 | Fonds d'habilitation<br>municipal vert | Fonds d'investissement<br>municipal vert | Total                 |  |
| <b>CURRENT ASSETS</b>                     |  |  |                       |  |  |                       | <b>ACTIF À COURT TERME</b>               |
| Cash                                      | \$ 240,100                             | \$ 305,100                               | \$ 545,200            | \$ 235,600                             | \$ 3,081,900                             | \$ 3,317,500          | Encaisse                                 |
| Short-term investments (note 3)           | 33,750,000                             | 75,717,500                               | 109,467,500           | 7,125,900                              | 472,100                                  | 7,598,000             | Placements à court terme (note 3)        |
| Accounts receivable                       | 331,900                                | 1,435,600                                | 1,767,500             | 25,226,000                             | 100,615,900                              | 125,841,900           | Débiteurs                                |
| Current portion of loans receivable       | -                                      | 587,500                                  | 587,500               | -                                      | 5,000                                    | 5,000                 | Prêts à recevoir échéant à moins d'un an |
| Interfund receivable (payable)            | (843,600)                              | 749,400                                  | (94,200)              | (40,200)                               | (114,600)                                | (154,800)             | Interfonds débiteur ou créditeur         |
| Prepaid expenses                          | -                                      | 24,200                                   | 24,200                | -                                      | 34,100                                   | 34,100                | Frais payés d'avance                     |
|   | <b>33,478,400</b>                      | <b>78,819,300</b>                        | <b>112,297,700</b>    | <b>32,547,300</b>                      | <b>104,094,400</b>                       | <b>136,641,700</b>    |  |
| INVESTMENTS (note 3)                      | 18,424,800                             | 135,073,300                              | 153,498,100           | 18,562,700                             | 106,790,300                              | 125,353,000           | PLACEMENTS (note 3)                      |
| LOANS RECEIVABLE (note 5)                 | -                                      | 4,569,100                                | 4,569,100             | -                                      | -  | -                     | PRÊTS À RECEVOIR (note 5)                |
| CAPITAL ASSETS (note 4)                   | -                                      | 776,300                                  | 776,300               | -                                      | 601,500                                  | 601,500               | IMMOBILISATIONS (note 4)                 |
|   | <b>\$ 51,903,200</b>                   | <b>\$ 219,238,000</b>                    | <b>\$ 271,141,200</b> | <b>\$ 51,110,000</b>                   | <b>\$ 211,486,200</b>                    | <b>\$ 262,596,200</b> |  |
| <b>CURRENT LIABILITIES</b>                |  |  |                       |  |  |                       | <b>PASSIF À COURT TERME</b>              |
| Accounts payable and accrued liabilities  | \$ -                                   | \$ 738,800                               | \$ 738,800            | \$ -                                   | \$ 356,500                               | \$ 356,500            | Créditeurs et charges à payer            |
| Accrued vacation and overtime             | -                                      | 35,000                                   | 35,000                | -                                      | 23,400                                   | 23,400                | Congés et temps supplémentaire cumulés   |
|   | -                                      | 773,800                                  | 773,800               | -                                      | 379,900                                  | 379,900               |  |
| GRANTS PAYABLE                            | 7,245,800                              | 4,561,200                                | 11,807,000            | 5,944,400                              | 497,500                                  | 6,441,900             | SUBVENTIONS À PAYER                      |
|   | <b>7,245,800</b>                       | <b>5,335,000</b>                         | <b>12,580,800</b>     | <b>5,944,400</b>                       | <b>877,400</b>                           | <b>6,821,800</b>      |  |
| <b>FUND BALANCES</b>                      |  |  |                       |  |  |                       | <b>SOLDES DES FONDS</b>                  |
| Invested in capital assets                | -                                      | 776,300                                  | 776,300               | -                                      | 601,500                                  | 601,500               | Investi en immobilisations               |
| Reserve for non performing loans (note 6) | -                                      | 1,282,800                                | 1,282,800             | -                                      | 753,700                                  | 753,700               | Réserve pour prêts délinquants (note 6)  |
| Externally restricted                     | 44,657,400                             | 211,843,900                              | 256,501,300           | 45,165,600                             | 209,253,800                              | 254,419,200           | Affectation d'origine externe            |
|   | <b>44,657,400</b>                      | <b>213,903,000</b>                       | <b>258,560,400</b>    | <b>45,165,600</b>                      | <b>210,608,800</b>                       | <b>255,774,400</b>    |  |
|   | <b>\$ 51,903,200</b>                   | <b>\$ 219,238,000</b>                    | <b>\$ 271,141,200</b> | <b>\$ 51,110,000</b>                   | <b>\$ 211,486,200</b>                    | <b>\$ 262,596,200</b> |  |

**FEDERATION OF CANADIAN MUNICIPALITIES**  
**Statement of Operations - Green Municipal Funds**  
**year ended March 31, 2003**

**FÉDÉRATION CANADIENNE DES MUNICIPALITÉS**  
**État des résultats - Fonds municipaux verts**  
**de l'exercice terminé le 31 mars 2003**

|  | 2003                                      |   |                     | 2002                  |   |
|--|---|---|---------------------|-----------------------|---|
|  | Green Municipal<br>Enabling Fund          | Green Municipal<br>Investment Fund          | Total               | Total                 |   |
|  | Fonds<br>d'habilitation<br>municipal vert | Fonds<br>d'investissement<br>municipal vert | Total               | Total                 |   |
| Revenue  |   |   |                     |                       | Revenus   |
| Investment   | \$ 3,504,100                              | \$ 10,582,400                               | \$ 14,086,500       | \$ 9,713,000          | Placements  |
| Green Municipal Fund contributions                                 | -   | -   | -                   | 125,000,000           | Contributions aux Fonds municipaux verts                                    |
|  | <b>3,504,100</b>                          | <b>10,582,400</b>                           | <b>14,086,500</b>   | <b>134,713,000</b>    |   |
| Operating expenses   |   |   |                     |                       | Dépenses d'exploitation   |
| Personnel costs  | 239,800                                   | 723,400                                     | 963,200             | 884,200               | Personnel   |
| Other operating expenses   | 721,000                                   | 2,053,600                                   | 2,774,600           | 2,073,300             | Autres dépenses d'exploitation  |
| Amortization of capital assets                                     | -   | 121,000                                     | 121,000             | 106,900               | Amortissement des immobilisations   |
| Occupancy costs  | 25,300                                    | 76,400                                      | 101,700             | 116,800               | Frais d'occupation  |
|  | <b>986,100</b>                            | <b>2,974,400</b>                            | <b>3,960,500</b>    | <b>3,181,200</b>      |   |
| Excess of revenue over expenses before grants                      | <b>2,518,000</b>                          | <b>7,608,000</b>                            | <b>10,126,000</b>   | 131,531,800           | Excédent des revenus sur les dépenses avant subventions                     |
| Grants   | <b>3,026,200</b>                          | <b>4,313,800</b>                            | <b>7,340,000</b>    | 6,351,700             | Subventions   |
| <b>EXCESS OF REVENUE OVER EXPENSES<br/>(EXPENSES OVER REVENUE)</b> | <b>\$ (508,200)</b>                       | <b>\$ 3,294,200</b>                         | <b>\$ 2,786,000</b> | <b>\$ 125,180,100</b> | <b>EXCÉDENT DES REVENUS SUR LES DÉPENSES<br/>(DÉPENSES SUR LES REVENUS)</b> |

**FEDERATION OF CANADIAN MUNICIPALITIES**  
**Statement of Changes in Fund Balances - Green Municipal Funds**  
**year ended March 31, 2003**

**FÉDÉRATION CANADIENNE DES MUNICIPALITÉS**  
**État de l'évolution des soldes des fonds - Fonds municipaux verts**  
**de l'exercice terminé le 31 mars 2003**

|   | 2003                                |                                       |                            |                                  |                       | 2002                  |                       |  |
|---|-------------------------------------|---------------------------------------|----------------------------|----------------------------------|-----------------------|-----------------------|-----------------------|--|
|   | Green Municipal Enabling Fund       | Green Municipal Investment Fund       |                            |                                  | Total                 | Total                 | Total                 |  |
|   | Restricted                          | Restricted                            | Invested in Capital Assets | Reserve for non performing loans | Total                 | Total                 | Total                 |  |
|   | Fonds d'habilitation municipal vert | Fonds d'investissement municipal vert |                            |                                  | Total                 | Total                 | Total                 |  |
|   | Affecté                             | Affecté                               | Investi en immobilisations | Réserve pour prêts délinquants   | Total                 | Total                 | Total                 |  |
| BALANCE, BEGINNING OF YEAR                              | \$ 45,165,600                       | \$ 209,253,600                        | \$ 601,500                 | \$ 753,700                       | \$ 210,608,800        | \$ 255,774,400        | \$ 130,594,300        | SOLDE AU DÉBUT   |
| Excess of revenue over expenses (expenses over revenue) | (508,200)                           | 3,294,200                             | -                          | -                                | 3,294,200             | 2,786,000             | 125,180,100           | Excédent des revenus sur les dépenses (dépenses sur les revenus) |
| Amortization of capital assets                          | -                                   | 121,000                               | (121,000)                  | -                                | -                     | -                     | -                     | Amortissement des immobilisations                                |
| Net purchase of capital assets                          | -                                   | (295,800)                             | 295,800                    | -                                | -                     | -                     | -                     | Acquisitions nettes des immobilisations                          |
| Transfer to reserve for non performing loans (note 6)   | -                                   | (529,100)                             | -                          | 529,100                          | -                     | -                     | -                     | Transfert à la réserve pour prêts délinquants (note 6)           |
| <b>BALANCE, END OF YEAR</b>                             | <b>\$ 44,657,400</b>                | <b>\$ 211,843,900</b>                 | <b>\$ 776,300</b>          | <b>\$ 1,282,800</b>              | <b>\$ 213,903,000</b> | <b>\$ 258,560,400</b> | <b>\$ 255,774,400</b> | <b>SOLDE À LA FIN</b>  |

**FEDERATION OF CANADIAN MUNICIPALITIES**  
**Statement of Cash Flows - Green Municipal Funds**  
**year ended March 31, 2003**

**FÉDÉRATION CANADIENNE DES MUNICIPALITÉS**  
**État des flux de trésorerie - Fonds municipaux verts**  
**de l'exercice terminé le 31 mars 2003**

|  | 2003                                      |   |                      | 2002                |   |
|--|---|---|----------------------|---------------------|---|
|  | Green Municipal<br>Enabling Fund          | Green Municipal<br>Investment Fund          | Total                | Total               |   |
|  | Fonds<br>d'habilitation<br>municipal vert | Fonds<br>d'investissement<br>municipal vert | Total                | Total               |   |
| Cash from operating activities                                 |   |   |                      |                     | Encaisse provenant des opérations   |
| Excess of revenue over expenses<br>(expenses over revenue)     | \$ (508,200)                              | \$ 3,294,200                                | \$ 2,786,000         | \$ 125,180,100      | Excédent des revenus sur les dépenses<br>(dépenses sur les revenus)       |
| Amortization of premium/discount on<br>investments             | 1,398,500                                 | 3,742,200                                   | 5,140,700            | 5,340,800           | Amortissement des primes/escomptes sur les<br>placements                  |
| Amortization of capital assets                                 | -   | 121,000                                     | 121,000              | 106,900             | Amortissement des immobilisations   |
| Net change in non-cash working capital                         | 25,697,500                                | 98,720,100                                  | 124,417,600          | (118,325,600)       | Variation des éléments hors caisse du fonds de roulement                  |
| <b>Net cash generated from operating activities</b>            | <b>26,587,800</b>                         | <b>105,877,500</b>                          | <b>132,465,300</b>   | <b>12,302,200</b>   | Encaisse provenant des opérations   |
| Financing and investing activities                             |   |   |                      |                     | Activités de financement et d'investissement                              |
| Net increase in grants payable                                 | 1,301,400                                 | 4,063,700                                   | 5,365,100            | 5,915,200           | Augmentation nette des subventions à payer                                |
| Net purchase of investments                                    | (27,884,700)                              | (107,270,600)                               | (135,155,300)        | (15,253,500)        | Acquisitions nettes de placements   |
| Net increase in loan receivable                                | -   | (5,151,600)                                 | (5,151,600)          | (5,000)             | Augmentation nette des prêts à recevoir                                   |
| Net purchase of capital assets                                 | -   | (295,800)                                   | (295,800)            | (79,600)            | Acquisitions nettes des immobilisations                                   |
| <b>Net cash used in financing and<br/>investing activities</b> | <b>(26,583,300)</b>                       | <b>(108,654,300)</b>                        | <b>(135,237,600)</b> | <b>(9,422,900)</b>  | Encaisse utilisée par les activités de<br>financement et d'investissement |
| <b>NET INCREASE (DECREASE) IN CASH</b>                         | <b>4,500</b>                              | <b>(2,776,800)</b>                          | <b>(2,772,300)</b>   | <b>2,879,300</b>    | <b>AUGMENTATION (DIMINUTION) NETTE DE L'ENCAISSE</b>                      |
| <b>CASH, BEGINNING OF YEAR</b>                                 | <b>235,600</b>                            | <b>3,081,900</b>                            | <b>3,317,500</b>     | <b>438,200</b>      | <b>ENCAISSE AU DÉBUT DE L'EXERCICE</b>                                    |
| <b>CASH, END OF YEAR</b>                                       | <b>\$ 240,100</b>                         | <b>\$ 305,100</b>                           | <b>\$ 545,200</b>    | <b>\$ 3,317,500</b> | <b>ENCAISSE À LA FIN DE L'EXERCICE</b>                                    |

## 1. PURPOSE OF THE ORGANIZATION

On March 18, 1937, the Federation of Canadian Mayors and Municipalities (FCMM) was created from the merger of the 36-year old Union of Canadian Municipalities and the Dominion Conference of Mayors, formed two years earlier. On February 2, 1967, the FCMM was incorporated by letters patent under Part II of the Canada Corporations Act. At that time, charitable status was sought and obtained from Canada Customs and Revenue Agency. Supplementary Letters Patent changed the name of the organization to Federation of Canadian Municipalities (FCM) on August 9, 1976. FCM has a staff of 92, located at 24 Clarence Street in Ottawa. Owing to its charitable status, FCM is not subject to income taxes.

FCM is the national voice of municipal governments. FCM is dedicated to improving the quality of life in all communities by promoting strong, effective and accountable municipal government. FCM membership includes Canada's largest cities, all 19 major provincial and territorial municipal associations and many small and urban communities.

In April, 2000, FCM received from the Government of Canada \$100,000,000 to set up the Green Municipal Investment Fund (GMIF) and \$25,000,000 for the Green Municipal Enabling Fund (GMEF). In April 2002, FCM received an additional \$100,000,000 for the GMIF and \$25,000,000 for the GMEF. Both funds were established to stimulate investment in innovative municipal projects and practices to improve the environmental performance of Canadian municipalities.

## 2. ACCOUNTING POLICIES

These financial statements report on the activities of the Green Municipal Funds only. They do not report on the activities of other funds of the Federation of Canadian Municipalities.

They have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

### *Fund accounting*

In accordance with the principles of fund accounting, FCM maintains its accounting records to ensure that limitations and restrictions placed on the use of available resources are observed. Under this method, resources are classified for accounting and reporting purposes into funds that are in accordance with specific activities or objectives. Accordingly, separate accounts are maintained for the General Fund and the Externally Restricted Funds.

## 1. NATURE DES OPÉRATIONS ET MISSION

La Fédération Canadienne des Maires et des Municipalités (FCMM) a été créée le 18 mars 1937 suite à la fusion de l'Union Canadienne des Municipalités, datant de 36 ans et de la Conférence des maires du Dominion, créée 2 ans auparavant. Le 2 février 1967, la FCMM a été incorporée par lettres patentes en vertu de la partie II de la Loi sur les corporations canadiennes. À ce moment là, FCMM a demandé et obtenu le statut d'organisme à but non lucratif de l'Agence canadienne des douanes et du revenu. Le 9 août 1976, des lettres patentes supplémentaires ont été obtenues, afin de changer le nom de l'organisation pour la Fédération canadienne des municipalités (FCM). Son effectif est de 92 employés et son siège social est situé au 24, rue Clarence à Ottawa. Étant un organisme de charité, la FCM est exonérée de l'impôt sur le revenu.

La FCM est le porte-parole national des gouvernements municipaux. La FCM consacre ses efforts à l'amélioration de la vie dans toutes les communautés et encourage un gouvernement municipal fort, efficace et responsable. La FCM se compose de représentants des plus grandes villes du Canada, des 19 associations municipales provinciales et territoriales et de plusieurs petites communautés rurales et urbaines.

La FCM a reçu 100 000 000 \$ du gouvernement du Canada en avril 2000 pour l'établissement du Fonds d'investissement municipal vert (FIMV) et 25 000 000 \$ pour l'établissement du Fonds d'habilitation municipal vert (FHMV). La FCM a reçu en avril 2002 des montants supplémentaires de 100 000 000 \$ pour le FIMV et 25 000 000 \$ pour le FHMV. Ces fonds ont été créés afin de stimuler l'investissement dans des projets et des pratiques municipales novateurs dans le but d'améliorer l'efficacité environnementale des municipalités canadiennes.

## 2. CONVENTIONS COMPTABLES

Ces états financiers ne rendent compte que des activités des Fonds municipaux verts. Ils ne rendent pas compte des activités des autres fonds de la Fédération canadienne des municipalités.

Ils ont été dressés selon les principes comptables généralement reconnus du Canada et tiennent compte des principales conventions comptables suivantes :

### *Comptabilité par fonds*

Conformément aux usages de la comptabilité par fonds, la FCM tient ses registres comptables afin d'assurer que les limites et les restrictions qui s'appliquent aux ressources disponibles soient respectées. Selon cette méthode, toutes les ressources sont présentées dans des fonds distincts selon l'activité ou les objectifs poursuivis. Par conséquent, des fonds séparés sont maintenus pour les activités du Fonds général et pour les fonds affectés par du financement provenant de l'extérieur.

## 2. ACCOUNTING POLICIES (continued)

### *Green Municipal Enabling Fund*

The Green Municipal Enabling Fund will provide, over a seven-year period, grants to support feasibility studies of innovative municipal projects.

### *Green Municipal Investment Fund*

The Green Municipal Investment Fund is a permanent revolving fund that supports through grants and loans the implementation of innovative environmental projects undertaken by Canadian municipalities and other public and private sector partners.

### *Revenue recognition*

FCM follows the restricted fund method of accounting for contributions to the Green Municipal Funds. Receipts are recognized as revenue in the appropriate fund when received or receivable.

Interest revenue is recognized on the accrual basis.

### *Expense recognition*

Direct expenses are allocated to the particular fund to which they apply. Indirect expenses are prorated based on revenue recognized by each fund. Grants are recognized as an expense in the period in which the Board approval process has been completed.

### *Investments*

Investments are carried at cost, net of amortized discounts and premiums, and are reduced when there has been a loss in value that is other than temporary.

### *Capital assets*

Assets are capitalized in the year of purchase and amortized using the straight-line basis over the following terms:

|                                |           |
|--------------------------------|-----------|
| Building renovations           | 10 years  |
| Furniture and equipment        | 5 years   |
| Leasehold improvements         | 5 years   |
| Computer hardware and software | 3-5 years |

## 2. CONVENTIONS COMPTABLES (suite)

### *Fonds d'habilitation municipal vert*

Le Fonds d'habilitation municipal vert accordera, sur une période de sept ans, des subventions pour favoriser la réalisation d'études de faisabilité de projets municipaux innovateurs.

### *Fonds d'investissement municipal vert*

Le Fonds d'investissement municipal vert est un fonds permanent renouvelable qui permet la réalisation de projets environnementaux innovateurs par le biais de subventions et prêts aux municipalités canadiennes ou de leurs partenaires publics ou privés.

### *Constatation des revenus*

La FCM suit la méthode de la comptabilité par fonds affectés pour enregistrer les apports contribués aux Fonds municipaux verts. Les rentrées de trésorerie sont reconnues comme revenus dans les fonds appropriés lorsque reçues ou à recevoir.

Les revenus d'intérêts sont constatés selon la comptabilité d'exercice.

### *Constatation des dépenses*

Les dépenses directes sont comptabilisées dans le fonds auxquelles elles se rapportent. Les dépenses indirectes sont réparties au prorata des revenus reconnus dans chacun des fonds. Les subventions sont reconnues comme dépense dans l'exercice au cours duquel le processus d'approbation a été complété par le Conseil.

### *Placements*

Les placements sont comptabilisés au coût, nets de l'amortissement de l'escompte et des primes et réduits en cas de perte de valeur permanente.

### *Immobilisations*

Les actifs sont capitalisés l'année de leur achat et amortis selon la méthode de l'amortissement linéaire selon les durées suivantes :

|                                      |           |
|--------------------------------------|-----------|
| Rénovations de l'immeuble            | 10 ans    |
| Mobilier et équipement               | 5 ans     |
| Améliorations locatives              | 5 ans     |
| Équipement informatique et logiciels | 3 à 5 ans |

**FEDERATION OF CANADIAN MUNICIPALITIES -  
GREEN MUNICIPAL FUNDS**  
Notes to the Financial Statements  
year ended March 31, 2003

**FÉDÉRATION CANADIENNE DES MUNICIPALITÉS -  
FONDS MUNICIPAUX VERTS**  
Notes complémentaires  
de l'exercice terminé le 31 mars 2003

**3. INVESTMENTS**

Investments are summarized as follows:

|  | 2003           |                  | 2002           |                  |   |
|--|----------------|------------------|----------------|------------------|---|
|  | Cost           | Market Value     | Cost           | Market Value     |   |
|  | Coût           | Valeur au marché | Coût           | Valeur au marché |   |
| General Municipal Enabling Fund Short-term | \$ 33,750,000  | \$ 33,802,500    | \$ 7,125,900   | \$ 7,174,500     | Fonds d'habilitation municipal vert Obligations à court   |
| Federal bonds                              | \$ 4,926,800   | \$ 4,975,900     | \$ 6,010,900   | \$ 5,976,300     | Obligations fédérales                                     |
| Provincial bonds                           | 5,485,100      | 5,617,200        | 4,044,400      | 4,152,000        | Obligations provinciales                                  |
| Corporate bonds                            | 8,012,900      | 8,236,500        | 8,507,400      | 8,756,600        | Obligations   |
| Total long-term                            | \$ 18,424,800  | \$ 18,829,600    | \$ 18,562,700  | \$ 18,884,900    | Placements à long terme                                   |
| Green Municipal Investment Fund Short-term | \$ 75,717,500  | \$ 75,895,400    | \$ 472,100     | \$ 472,100       | Fonds d'investissement municipal vert Obligations à court |
| Federal bonds                              | \$ 61,729,000  | \$ 62,743,100    | \$ 29,743,100  | \$ 29,650,100    | Obligations fédérales                                     |
| Provincial bonds                           | 40,226,600     | 41,912,000       | 40,298,400     | 40,733,200       | Obligations provinciales                                  |
| Corporate bonds                            | 33,117,700     | 34,368,500       | 36,748,800     | 37,774,100       | Obligations   |
| Long-term investments                      | \$ 135,073,300 | \$ 139,023,600   | \$ 106,790,300 | \$ 108,157,400   | Placements à long terme                                   |
| Total short-term                           | \$ 109,467,500 | \$ 109,697,900   | \$ 7,598,000   | \$ 7,646,600     | Total court terme   |
| Total long-term                            | \$ 153,498,100 | \$ 157,853,200   | \$ 125,353,000 | \$ 127,042,300   | Total long terme  |

*Interest rate risk*

Bonds consist of debt obligations of governments and corporate entities paying interest at rates appropriate to the market at their date of purchase.

*Financial risk*

The financial risk arises from the fluctuations in interest rates and foreign exchange rates, and the degree of volatility of these rates. The Federation of Canadian Municipalities - Green Municipal Funds do not use derivative instruments to reduce its exposure to interest and foreign currency risk.

**3. PLACEMENTS**

Les placements se répartissent comme suit :

|  | 2003           |                  | 2002           |                  |   |
|--|----------------|------------------|----------------|------------------|---|
|  | Cost           | Market Value     | Cost           | Market Value     |   |
|  | Coût           | Valeur au marché | Coût           | Valeur au marché |   |
| General Municipal Enabling Fund Short-term | \$ 33,750,000  | \$ 33,802,500    | \$ 7,125,900   | \$ 7,174,500     | Fonds d'habilitation municipal vert Obligations à court   |
| Federal bonds                              | \$ 4,926,800   | \$ 4,975,900     | \$ 6,010,900   | \$ 5,976,300     | Obligations fédérales                                     |
| Provincial bonds                           | 5,485,100      | 5,617,200        | 4,044,400      | 4,152,000        | Obligations provinciales                                  |
| Corporate bonds                            | 8,012,900      | 8,236,500        | 8,507,400      | 8,756,600        | Obligations   |
| Total long-term                            | \$ 18,424,800  | \$ 18,829,600    | \$ 18,562,700  | \$ 18,884,900    | Placements à long terme                                   |
| Green Municipal Investment Fund Short-term | \$ 75,717,500  | \$ 75,895,400    | \$ 472,100     | \$ 472,100       | Fonds d'investissement municipal vert Obligations à court |
| Federal bonds                              | \$ 61,729,000  | \$ 62,743,100    | \$ 29,743,100  | \$ 29,650,100    | Obligations fédérales                                     |
| Provincial bonds                           | 40,226,600     | 41,912,000       | 40,298,400     | 40,733,200       | Obligations provinciales                                  |
| Corporate bonds                            | 33,117,700     | 34,368,500       | 36,748,800     | 37,774,100       | Obligations   |
| Long-term investments                      | \$ 135,073,300 | \$ 139,023,600   | \$ 106,790,300 | \$ 108,157,400   | Placements à long terme                                   |
| Total short-term                           | \$ 109,467,500 | \$ 109,697,900   | \$ 7,598,000   | \$ 7,646,600     | Total court terme   |
| Total long-term                            | \$ 153,498,100 | \$ 157,853,200   | \$ 125,353,000 | \$ 127,042,300   | Total long terme  |

*Risque relié aux taux d'intérêt*

Les obligations gouvernementales et de sociétés offrent des taux d'intérêts selon le marché au moment de leurs acquisitions.

*Risque financier*

Le risque financier est le risque qui découle des fluctuations des taux d'intérêt, des taux de change et du degré de volatilité de ces taux. La Fédération canadienne des municipalités - Fonds municipaux verts n'utilise pas d'instruments dérivés pour réduire son exposition au risque d'intérêt et de devise.

**3. INVESTMENTS (continued)**

*Credit risk*

Credit risk arises from the potential that a counterparty to an investment will fail to perform its obligations. Concentrations of credit risk exist when a significant proportion of investments are invested in securities with similar characteristics or subject to similar economic, political or other conditions.

**4. CAPITAL ASSETS**

**3. PLACEMENTS (suite)**

*Risque de crédit*

Le risque de crédit découle de la possibilité qu'une contrepartie ne s'acquitte pas de ses obligations vis-à-vis des placements. Il y a concentration du risque de crédit lorsqu'une proportion importante du portefeuille est constituée de placements dans des valeurs présentant des caractéristiques semblables ou sensibles à des facteurs économiques, politiques ou autres similaires.

**4. IMMOBILISATIONS**

|                                | <b>2003</b>         |                          | <b>2002</b>       |                   |                                      |
|--------------------------------|---------------------|--------------------------|-------------------|-------------------|--------------------------------------|
|                                | Cost                | Accumulated Amortization | Net Book Value    | Net Book Value    |                                      |
|                                | Coût                | Amortissement cumulé     | Valeur nette      | Valeur nette      |                                      |
| Furniture and equipment        | \$ 221,900          | \$ 92,300                | \$ 129,600        | \$ 171,600        | Mobilier et équipement               |
| Leasehold improvements         | 389,100             | 75,800                   | 313,300           | 343,400           | Améliorations locatives              |
| Computer hardware and software | 405,200             | 71,800                   | 333,400           | 86,500            | Équipement informatique et logiciels |
|                                | <b>\$ 1,016,200</b> | <b>\$ 239,900</b>        | <b>\$ 776,300</b> | <b>\$ 601,500</b> |                                      |

**FEDERATION OF CANADIAN MUNICIPALITIES -  
GREEN MUNICIPAL FUNDS**  
Notes to the Financial Statements  
year ended March 31, 2003

**FÉDÉRATION CANADIENNE DES MUNICIPALITÉS  
- FONDS MUNICIPAUX VERTS**  
Notes complémentaires  
de l'exercice terminé le 31 mars 2003

**5. LOANS RECEIVABLE**

**5. PRÊTS À RECEVOIR**

|  | <u>2003</u>         | <u>2002</u> |  |
|--|---------------------|-------------|--|
| Original amount of \$50,000, amortized over a seven-year period, maturing in 2010, is reimbursable annually at \$7,100 plus interest at 7.09%.               | \$ -                | \$ 5,000    | Le montant original de 50 000 \$ est remboursable sur une période de sept ans en versements égaux de 7 100 \$ plus intérêts à 7,09 % et vient à échéance en 2010.                |
| Original amount of \$425,000, amortized over a five-year period, maturing in 2008, is reimbursable annually at \$85,000 plus interest at 4.5%.               | <b>425,000</b>      | -           | Le montant original de 425 000 \$ est remboursable sur une période de cinq ans en versements égaux de 85 000 \$ plus intérêts à 4,5 % et vient à échéance en 2008.               |
| Original amount of \$2,100,000, amortized over a ten-year period, maturing in 2013, is reimbursable annually at \$255,600 including interest at 3.71%.       | <b>2,100,000</b>    | -           | Le montant original de 2 100 000 \$ est remboursable sur une période de dix ans en versements égaux de 255 600 \$ incluant les intérêts à 3,71 % et vient à échéance en 2013.    |
| Original amount of \$1,453,600, amortized over a seven-year period, maturing in 2010, is reimbursable annually at \$207,700 plus interest at 3.49%.          | <b>1,453,600</b>    | -           | Le montant original de 1 453 600 \$ est remboursable sur une période de sept ans en versements égaux de 207 700 \$ plus intérêts à 3,49 % et vient à échéance en 2010.           |
| Original amount of \$1,178,000, amortized over a ten-year period, maturing in 2013, is reimbursable annually at \$117,800 plus interest at 1.925% to 3.438%. | <b>1,178,000</b>    | -           | Le montant original de 1 178 000 \$ est remboursable sur une période de dix ans en versements égaux de 117 800 \$ plus intérêts à 1,925 % à 3,438 % et vient à échéance en 2013. |
|  | <b>5,156,600</b>    | 5,000       |  |
| Less current portion   | <b>587,500</b>      | 5,000       | Moins la tranche échéant à moins d'un an   |
|  | <b>\$ 4,569,100</b> | \$ -        |  |

Reimbursable payments over the next five years based on the same terms and conditions are as follows:

Reimbursable payments over the next five years based on the same terms and conditions are as follows:

|             |                     |
|-------------|---------------------|
| <b>2004</b> | <b>\$ 587,400</b>   |
| <b>2005</b> | <b>594,100</b>      |
| <b>2006</b> | <b>601,000</b>      |
| <b>2007</b> | <b>608,100</b>      |
| <b>2008</b> | <b>615,500</b>      |
|             | <b>\$ 3,006,100</b> |

**6. RESERVE FOR NON PERFORMING LOANS**

The Green Municipal Investment Fund, under terms of the funding agreement, transfers to this reserve annually an amount equivalent to five per cent of its annual investment revenue for the purpose of managing risk from potentially non-performing loans.

**7. COMMITMENTS**

As of March 31, 2003, the Green Municipal Investment Fund had eleven loans recommended for Board approval for a total amount of \$16,405,500 (\$3,400,000 in 2002).

**6. RESERVE POUR PRÊTS DÉLINQUANTS**

En vertu de l'accord de financement, le Fonds d'investissement municipal vert verse annuellement à cette réserve un montant équivalent à cinq pour cent de ses revenus annuels d'investissement afin de pourvoir aux prêts qui pourraient devenir délinquants.

**7. ENGAGEMENTS**

Au 31 mars 2003, le Fonds d'investissement municipal vert avait recommandé pour l'approbation du Conseil, onze prêts pour un montant total de 16 405 500 \$ (3 400 000 en 2002).



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The Green Municipal Funds Council advises the FCM National Board of Directors on provisions of the funding agreements, develops and approves evaluation criteria, makes project and feasibility study recommendations, and ensures that contributions and investments are appropriately balanced among regions and categories and between urban and rural areas.

The 15-member GMF Council comprises five representatives from FCM, five from the Government of Canada and five from non-governmental organizations and the private sector.

***Representing FCM (one vacant seat):***

Mayor Sam Synard – Council Chair

Town of Marystown, Newfoundland and Labrador

Councillor Patricia A. Wallace – Council Vice Chair

President – Union of British Columbia Municipalities

Councillor Ken Lesniak, Strathcona County, Alberta

Councillor Bill Marra, City of Windsor, Ontario

***Representing the Government of Canada:***

Mr. Garth E. Bangay, Environment Canada

Mr. Gordon Owen, Environment Canada

Mr. Bryan Cook, Natural Resources Canada

Mr. Neil MacLeod, Natural Resources Canada

Mr. Robert F. Lyman, Transport Canada

***Representing the private sector and academics:***

Ms. Beth Johnson, Beth Johnson Consulting

Mr. Philippe Dunsky, Helios Centre

Ms. Stephanie Foster, Upper Canada College

Mr. Dennis Bevington, Stand Alone Energy Systems Ltd.

Mr. Mark Gilbert, PhD, Nova Scotia Municipal Finance Corporation





