

September 25, 2009

REVIEW OF THE
GREEN MUNICIPAL
FUND – FINAL
REVIEW REPORT

Management Response

Management Response

The Federation of Canadian Municipalities (FCM) is pleased with the overall result of the report and is in general agreement with its observations and findings.

FCM will continue to make improvements, particularly in response to KPMG's observations and findings, which will be reflected and comprised in future Green Municipal Fund (GMF) Annual Statements of Plans and Objectives and workplans.

FCM is particularly satisfied with Review Findings 1, 2 and 5. With respect to Review Findings 3, 4, and 6, FCM is pleased to provide the following management responses.

3 – Does the GMF realistically address an actual need?

Findings:

- 1. The studies funded by the GMF are highly “incremental” (i.e., most of them would not have been carried out in the absence of GMF funding), and they are providing important information to the municipalities.*
- 2. GMF funding is also a critical source of support for capital projects – only about one-quarter of the capital projects would have gone ahead without GMF funding; and*
- 3. Some program delivery processes require streamlining and the GMF has taken action to address stakeholder needs.*

Response:

- FCM has developed measures to improve the application process, including elimination of the competitive process for capital projects and removal of all grant and loan application deadlines. Municipalities may now apply to GMF for funding at any time of the year, according to their respective planning cycles.
- Redesign options have been considered, and are currently being implemented to streamline and increase the timeliness of the application and contracting processes. For example, FCM estimates that the elimination of the “Intent to Apply” procedure for capital projects has reduced the total application timeline by approximately six to eight weeks.
- All new applications must be approved or rejected within a maximum timeframe of four months.
- The number of Council meetings has been increased to allow more frequent approvals.
- FCM will continue to make improvements to GMF delivery processes.

4 – What is the distribution of the funding with respect to (a) the five sectors, (b) the three funding streams; and (c) size of loan / grant?

Findings:

1. Overall, the GMF has met the majority of its funding distribution commitments as outlined in the Funding Agreement;
2. The GMF is not on pace to meet its approved funding targets for brownfields projects; however, is making efforts to identify potential opportunities;
3. Some regional funding disparities exist towards the province of Québec; however, the GMF has addressed this via a dedicated Québec Outreach Strategy.

Response:

- FCM recognizes the need to increase its involvement in the brownfields sector in order to attain its objectives. FCM will continue its efforts to identify potential brownfields initiatives and to actively solicit applications in this sector.
- As observed by KPMG, FCM acknowledges a disparity in the number of projects funded in the province of Québec. This is mainly due to the fact that prior to the signing of an agreement in 2004 between the Government of Québec and FCM, municipalities in Québec were not authorized to receive funding from GMF.
- As observed by KPMG, FCM's Québec Outreach Strategy achieved its goal to allocate 16 to 18 per cent of GMF's 2008–2009 funding to Québec initiatives. The GMF Council has also approved new, more aggressive targets to close the funding gap in Québec. In 2009–2010, staff will undertake their best efforts to allocate \$25 million in GMF funding to Québec initiatives, with an emphasis on the brownfields sector. This target represents 45 per cent of available funding for the fiscal year

6 – Specifically, for the capital projects, what have been the impacts of these projects on sustainable improvements in air, water, soil quality, and reduction of greenhouse gases?

Findings:

1. Indications are that the GMF-funded capital projects are on track to meet the program's goals in the areas of environmental, economic, and social benefits. The vast majority of the projects examined in the interviews and case studies are demonstrating significant benefits in these areas; and
2. There is work to be done by the GMF to tangibly measure these benefits and impacts. A new performance measurement system that will address this need is currently being pilot tested.

Response:

- As observed by KPMG, FCM is developing new processes to better measure and report on the impacts and outcomes of GMF project funding. FCM is currently pilot testing a new performance measurement system based on a series of results-based environmental, economic, and social indicators and measures. This system was developed by the International Institute for Sustainable Development (IISD), and is aligned with GMF's logic model approach and key results areas.
- The new system will allow FCM to measure and report on GMF's impacts and outcomes of its funded projects at a consolidated level, and will also enable GMF to satisfy an important accountability condition of the Funding Agreement.