

About 80 percent of Canadians live in cities – over half in our largest 27 municipalities. But municipal governments raise money almost exclusively from property tax. Citing aging infrastructure, and increased responsibilities due to downloading from the provinces, they are demanding a greater share of taxes collected by the federal government.

During the last couple of years, Ottawa has created Infrastructure Canada and the Green Municipal Funds to meet the needs of cities, spurring local construction procurement and stimulating opportunities for environmental industries. The more recent Strategic Infrastructure fund is aimed more at regional projects, but some municipalities should be able to benefit from that funding too. The following brief overview describes the funds and some of the resulting activity.

# Building more, building better

by Celeste Mackenzie

## Cities get a helping hand

### Infrastructure Canada

This fund began in 2000 to improve both urban and rural infrastructure, and protect the environment and promote sustainable development. It targets water, wastewater and solid waste systems and management, retrofitting to improve energy efficiency, transportation, cultural and recreational facilities, tourism infrastructure, high-speed Internet access, and affordable housing. For the 2000-2006 timeframe, \$2.05 billion have been allocated for one third of total project costs. The province or territory, the municipality, NGOs and private enterprises provide the remaining two-thirds.

According to James Knight, CEO of the Federation of Canadian Municipalities (FCM) the program has been popular in general with municipalities, with one major drawback being the its' relatively short term that doesn't accommodate longer-range projects. "A small percentage of projects didn't reflect the real

needs of cities," he said. Knight would like to see the program made permanent.

Concern about short term funding is echoed by University of Western Ontario Professor Neil Bradford, who authored the report, *Why Cities Matter: Policy Research Perspectives for Canada*, earlier this year. He adds that the fact that municipalities don't have a strong enough voice in how the funds are spent, also results in their needs not always being met. "This must be done in a spirit of partnership, with cities having a greater say in spending allocation."

In addition to municipalities, First Nations and corporations such as NGOs and conservation authorities may also apply for funds. All provinces and territories have signed program implementation agreements with the federal government.

As for accessing the fund itself, Mark Fluhrer, manager of parks and arenas in Kingston, Ontario said the process was relatively

straightforward, although the application required greater efforts to prepare compared others.

"We had to spend about \$10,000 on consulting fees to prepare our application for the upgrading of several community centres," he said. "City Hall just didn't have the staff. We hadn't had to do that before, but it was worth it." Kingston eventually put up \$400,819 to get twice that much from the provincial and federal governments.

In Deseronto, Ontario, clerk Richard Beare, said his town also had to hire outside help to put together its proposal for skating arena upgrading. "We needed lots of renovations, including a floor to replace the one that was 30 years old. We hired an engineering firm to help us build a business case. We found the process went fairly well," he said.

## Green Municipal Funds (GMF)

Announced in the February 2000 budget, these funds were created to stimulate investment in leading-edge infrastructure projects and to improve environmental practices in municipalities. The Green Municipal Enabling Fund (GMEF), a five-year, \$50 million dollar fund, awards cost-shared grants for feasibility studies. The Green Municipal Investment Fund (GMIF), a \$200 million permanent revolving fund provides financing for actual projects.

The FCM manages both, and has approved about 200 projects so far, according to Knight. The money is for air, water and soil quality enhancement, greenhouse gas emissions reduction and cleaner transportation. Normally, up to 15 percent of total financing is awarded through GMIF, while the GMEF awards up to half the cost of feasibility studies.

As an example, Knight says funds could support projects that would see methane gas from landfill sites being used as energy, and increased use of wind power. "And thanks to the GMIF, Calgary is now using wind-generated electricity in its 'Ride the Wind' municipal transportation initiative," he said.

To access the GMEF monies, a letter of intent must be sent and projects that meet the criteria are then invited to apply. The FCM's 2002 annual report notes, that compared to the previous reporting period, fewer letters of intent were received due to a de-

crease in confusion between the GMF and Infrastructure Canada funds, and because of the demands amalgamation was putting on many cities. The report states that the success rate of applications compared to 2000-01 has improved, and indicates that favourable interest rates for the GMIF have also had a positive affect.

Halifax Regional Municipal Authority's Brian Smith, director of Solid Waste Resources, says the GMEF got a waste project marketing study off the ground that is still on going. The municipality received funds to look at the effectiveness of using compost to make stadium turf grass healthier, and thus less susceptible to pests.

"Getting the funds was not too difficult Smith said. "We are doing a marketing trial for municipally compiled compost to control pests. It's sort of lead by example. If the municipality is successful, we hope the landscape industry will follow suit."

While Ontario and BC have a higher rate of participation (in terms of the numbers of studies and projects being supported), the Atlantic Provinces along with Saskatchewan, Manitoba and the Territories have had less than average participation. Strategies to get them more involved are now in place.

## Strategic Infrastructure Fund

Allan Rock, the minister responsible for infrastructure, released details of this \$2 billion dollar fund in August. The federal government had initially announced the money in the 2001 budget.

The fund is designed to meet the need for undertakings of national and regional significance too large for previous funds to cover. Projects must cost at least \$10 million in provinces and territories with small populations, and at least \$75 million where the population is greatest. There are five investment categories: highways and railways, local transportation, tourism and regional development, water and sewage, and broadband. Funding was awarded in August to improve highways in Quebec and New Brunswick, and money to clean up the Halifax and St. John's Harbour has also been announced. *MM*

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