

Green Municipal Fund™

Call for Applications:
Water



Application Guidelines

Federation of Canadian Municipalities
24 Clarence Street
Ottawa, Ontario
K1N 5P3

www.fcm.ca/gmf
Telephone: 613-241-5221
Fax: 613-244-1515



FCM | Green Municipal Fund
Fonds municipal vert

Green Municipal Fund, Call for Applications: Water, Application Guidelines

© Federation of Canadian Municipalities. All rights reserved.

February 2009

The application forms and other documents for the Green Municipal Fund are available in English on the Federation of Canadian Municipalities' Green Municipal Fund website at www.fcm.ca/gmf.

Les formulaires et autres documents du Fonds municipal vert sont disponibles en français sur le site Web du Fonds municipal vert de la Fédération canadienne des municipalités www.fcm.ca/fmv.

Table of Contents

Introduction	2
1. About the Green Municipal Fund	2
2. What Is Eligible for GMF Funding?.....	2
3. Funding for Capital Projects	2
Call for applications: Wastewater.....	3
4. Objective.....	3
5. Eligibility	3
5.1 Who is eligible?.....	3
5.2 What projects are eligible?.....	3
5.3 Prerequisites.....	3
6. Funding.....	3
6.1 What funding is available for projects?	3
6.2 What interest rates and terms are available for GMF loans?	4
6.3 Which projects are eligible for a grant?.....	4
6.4 Disbursement.....	4
7. Eligible Costs.....	4
7.1 What costs are eligible?.....	4
7.2 What costs are not eligible?	5
8. Application Assessment.....	5
8.1 How are applications assessed?	5
9. Application Requirements	6
9.1 What information will be required in the application?.....	6
10. Project Reporting	7
11. Timeline and Next Steps	8
Glossary.....	9

Introduction

1. About the Green Municipal Fund

The Green Municipal Fund (GMF) is a long-term source of financing for municipalities and their partners to develop communities that are more environmentally, socially, and economically sustainable.

The Government of Canada endowed the Federation of Canadian Municipalities (FCM) with \$550 million to establish GMF. This Fund:

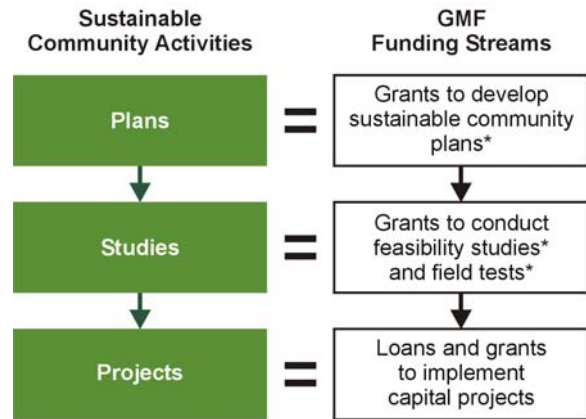
- provides below-market loans and grants to municipalities that deliver leading examples of sustainable development; and
- builds capacity and shares the knowledge and experience gained by municipal leaders through GMF-funded studies and projects.

GMF is managed by FCM and operates at arm's length from the federal government. For more information, see the FCM Green Municipal Fund website at www.fcm.ca/gmf.

2. What Is Eligible for GMF Funding?

GMF has three funding streams that finance three types of sustainable community activities:

Note: GMF invests in the plans, studies, and projects that provide the best examples of municipal leadership in sustainable development and from which other municipalities can learn and apply.



* See the [Glossary](#) for definitions of these terms.

The Application Guidelines and Application Forms for each funding stream are available on the FCM Green Municipal Fund website at www.fcm.ca/gmf.

3. Funding for Capital Projects

There are specific, targeted calls for applications in each of five sectors: brownfields, energy, transportation, waste and water. Potential recipients can apply only in response to specific calls for applications in each sector.

FCM offers below-market GMF loans or below-market loans combined with grants to implement projects that represent the best examples of leadership in sustainable development in each sector, with the exception of the brownfield sector in which only loans are available.

GMF can offer financing for up to 80% of the eligible costs of some capital projects. **Grants are only offered in combination with loans.**

Call for applications: Wastewater

4. Objective

The objective of the call for applications in the water sector is to improve effluent quality from municipal wastewater treatment systems in Canada. FCM will offer GMF loan and grant combinations to support projects that improve effluent quality from municipal wastewater treatment systems.

To ensure the greatest possible environmental, social, and economic impact, FCM invests GMF loans and grants in the best examples of municipal leadership in sustainable development — examples that can be replicated in other communities.

5. Eligibility

5.1 Who is eligible?

Any Canadian municipal government, municipal utility (owned in whole or in part by a municipal government), or municipal partner that has responsibility for municipal wastewater treatment and ownership of project infrastructure may apply for funding under this call for applications.

5.2 What projects are eligible?

Municipal wastewater projects that focus on improvements to effluent quality are eligible under this call for applications.

In order to be eligible, the wastewater project must start within 18 months of the date the application is approved.

Projects will not be approved unless they receive a minimum overall score of 60 points out of 100.

At a minimum, eligible projects must aim to meet the following effluent quality standards:

- Five day Carbonaceous Oxygen Demand (CBOD₅) of 25 mg/L
- Total Suspended Solids (TSS) of 25 mg/L
- Total Residual Chlorine of 0.02 mg/L

5.3 Prerequisites

The following activities must be complete before submitting an application:

- a feasibility study
- a municipal plan that supports the wastewater project such as a sustainable community plan, strategic plan, or water plan

If these prerequisites have not yet been completed, applicants are not eligible under this call for applications.

6. Funding

6.1 What funding is available for projects?

All projects approved under this call for applications will be eligible to receive funding for up to 50 per cent of eligible project costs up to a maximum \$4 million loan and a \$200,000 grant. The value of the grant will not exceed 5 per cent of the value of the loan.

Projects considered to be exceptional are eligible to receive funding for up to 80 per cent of the eligible project costs up to a maximum \$4 million loan and a \$400,000 grant. The value of the grant to exceptional projects will not exceed 10 per cent of the value of the loan.

Applications will be eligible for the exceptional category if:

- the application achieves a minimum overall score of 60 points out of 100
- the project achieves a minimum of 12 points out of 20 in the Other environmental considerations criterion

The general scoring grid will be available with the application form.

Note: FCM reserves the right to adjust the above loan limit.

6.2 What interest rates and terms are available for GMF loans?

For approved municipal governments, GMF interest rates are Government of Canada bond rate for the equivalent term minus 1.5 percent.

For municipal utilities, and municipal partners, GMF interest rates will be based on the credit strength of the borrower and, in general, they are lower than rates available from other long-term lenders.

Interest rates are set at the time of loan disbursement and will be fixed for a term of up to 10 years (or up to 20 years for exceptional projects).

6.3 Which projects are eligible for a grant?

All projects approved under this call are eligible for a grant. See section 7.1 for details on the maximum value of grants.

A grant will only be offered in combination with a loan.

6.4 Disbursement

All applicants that accept offers of financing will be required to sign funding contracts with FCM. For additional information on the steps following approval, please consult the Post Approval Process for Capital Projects, as well as the Sample Municipal Loan Agreement documents available from the

FCM Green Municipal Fund website at www.fcm.ca/gmf).

Loans

Loans will be disbursed in one installment after the project is completed, provided that the project is implemented as described in the application to GMF.

Grants

Grants will be disbursed in one contribution up to 3 years after the project is completed when the applicant submits an environmental results report outlining the actual verified environmental benefits of the project.

Projects that fail to achieve the minimum level of effluent quality standard for CBOD₅, TSS, and total residual chlorine (refer to section 5) will not receive any grant.

Projects that fail to achieve specified targets for additional wastewater quality parameters as stated in the application will have their grant reduced by 50%.

7. Eligible Costs

7.1 What costs are eligible?

The following invoiced costs are eligible for funding. (Eligible project costs incurred on or after the date FCM receives the complete application will become receivable if the application is approved by the FCM Board.)

- a) **Capital costs**, as defined and determined in accordance with Generally Accepted Accounting Principles (GAAP):
 - i. acquiring, developing, constructing, modernizing or leasing systems (equipment, hardware, software, etc.) that are essential for the completion of the project; and
 - ii. costs of construction, renovation or modernization of facilities and structures essential for the completion of

the project, such as materials and installation costs.

b) Salaries, professional fees and remuneration:

- i. salaries, fees or remuneration paid to professional, technical personnel, consultants and contractors directly involved in the planning, assessment, analysis, design, engineering, manufacturing, construction, monitoring, and reporting of the project, but not employed by the applicant;
- ii. salaries, fees or remuneration paid to professional, technical personnel, consultants and contractors directly involved in public education and promotion, survey and web site development and the development of other communication tools, directly related to the implementation of the project, but not employed by the applicant; and
- iii. salaries, fees or remuneration paid directly to employees of the applicant working on the project are eligible only if they do not exceed 10 percent of the total eligible project costs.

7.2 What costs are not eligible?

The following costs are not eligible for funding:

- a) activities related to the project that would be eligible for GMF funding under a sustainable community plan, feasibility study, or field test (refer to the Application Guidelines for Sustainable Community Plans and for Feasibility Studies and Field Tests on the FCM Green Municipal Fund website at www.fcm.ca/gmf);
- b) costs related to public consultations, environmental assessments, risk assessments, risk management plans, business development plans and marketing strategies;

- c) general overhead costs of the applicant, such as insurance and other operating costs related to general maintenance and repairs in relation to the project;
- d) office space for the project;
- e) purchase, lease or sale of real property;
- f) administrative costs not specifically listed as eligible costs, such as audit fees and legal fees;
- g) engineering costs for which grants or contributions are provided by or committed to be provided by any program of the Government of Canada;
- h) conference and conference travel;
- i) Provincial Sales Tax and the Goods and Services Tax for which the applicant is eligible for a tax rebate and any other costs eligible for rebates; and
- j) in-kind contributions, except as noted in 7.1 b) iii.

8. Application Assessment

8.1 How are applications assessed?

Applications are assessed by an independent Peer Review Committee according to the potential for the project to deliver environmental, social and economic benefits.

FCM will offer GMF loans combined with grants to projects that reflect the very best examples of municipal leadership in sustainable development – projects that have high net environmental impact that can be replicated in other communities.

Applications will also be assessed on the project management, application quality, public engagement, and municipal council or board of director commitment. In keeping with FCM's goal to share lessons learned from GMF-funded initiatives with other communities, projects will also be assessed

on their innovation, potential for replication, and potential for knowledge sharing.

Direct environmental benefit:

The direct environmental benefits of the project will be evaluated and scored based on the potential of the project to deliver improvements to effluent quality.

At a minimum, eligible projects must aim to meet the following effluent quality standards:

- Five day Carbonaceous Oxygen Demand (CBOD₅) of 25 mg/L
- Total Suspended Solids (TSS) of 25 mg/L
- Total Residual Chlorine of 0.02 mg/L

Projects that propose to improve additional water quality parameters, other than those mentioned above, will be considered to have greater environmental benefits than those which improve fewer water quality parameters.

Other environmental considerations:

Other environmental considerations for this call for applications will take into account:

- Any negative environmental impacts and their proposed mitigation;
- Environmental benefits in addition to the direct environmental benefits mentioned above (considering air, water, land, biodiversity and the GMF sectors (waste, brownfields, energy, and transportation);
- How the project contributes to implementation of existing plans, strategies, programs, policies for sustainability, overall community vision, sustainable community plan;
- Systems approach which considers the extent to which the project deals with the root causes of the environmental issues, as opposed to “end-of-pipe” solutions that only deal with symptomatic issues; and
- Analysis and minimization of life cycle costs to the fullest extent possible.

Social benefits:

Social benefits may include:

- Protection and improvement of human health;
- Improvement to community quality of life;
- Community economic development and community revitalization;
- Increased public awareness and understanding of issues and options; and
- Strong public support.

Economic benefits:

Economic benefits may include:

- Expected operation and maintenance costs, and savings of the project
- Leveraging GMF funding to secure financing from municipal governments and other public sources;
- Private sector involvement in municipal environmental projects, including the increased participation of private lenders;
- Investment in innovative environmental technologies, practices and processes;
- Use of full-cost accounting and full-cost pricing;
- Adoption of cost-effective demand-side management policies and programs;
- Improved job retention, increased job creation, and generation of employment income; and
- Partnerships between two or more municipalities.

9. Application Requirements

9.1 What information will be required in the application?

Applicants will be required to submit the following documents with their application:

For all applicants:

- A feasibility study;
- A municipal plan that supports the project such as a sustainable community plan, strategic plan, or water plan; and
- Worksheets (templates will be provided with the application forms).

For municipal government applicants:

- Most recent signed audited financial statement;
- Municipal council resolution describing the level of commitment and financial support for the proposed project and GMF application, OR a letter from the chief administrative officer or chief financial officer describing the current status of project approval; and
- For applicants from a municipal government **outside the Province of Quebec**, evidence of provincial consultation¹ (a template letter is available from the FCM Green Municipal Fund website at www.fcm.ca/gmf).

For municipal utilities, and municipal partner applicants:

- Most recent three years of signed audited financial statements and, if available, a [business plan](#) for the proposed project (note that FCM reserves the right to request further financial information);
- A signed letter from the chief executive officer or chief financial officer describing the current status of project approval and giving evidence of the municipal partner's board of directors' decision to

support the proposed project and GMF application;

- Evidence of provincial consultation (a template letter is available from the FCM Green Municipal Fund website at www.fcm.ca/gmf).

Municipal partner applicants must also submit:

- A copy of an executed agreement with a municipal government demonstrating that the municipal partner has responsibility for municipal wastewater treatment and ownership of project infrastructure.

10. Project Reporting

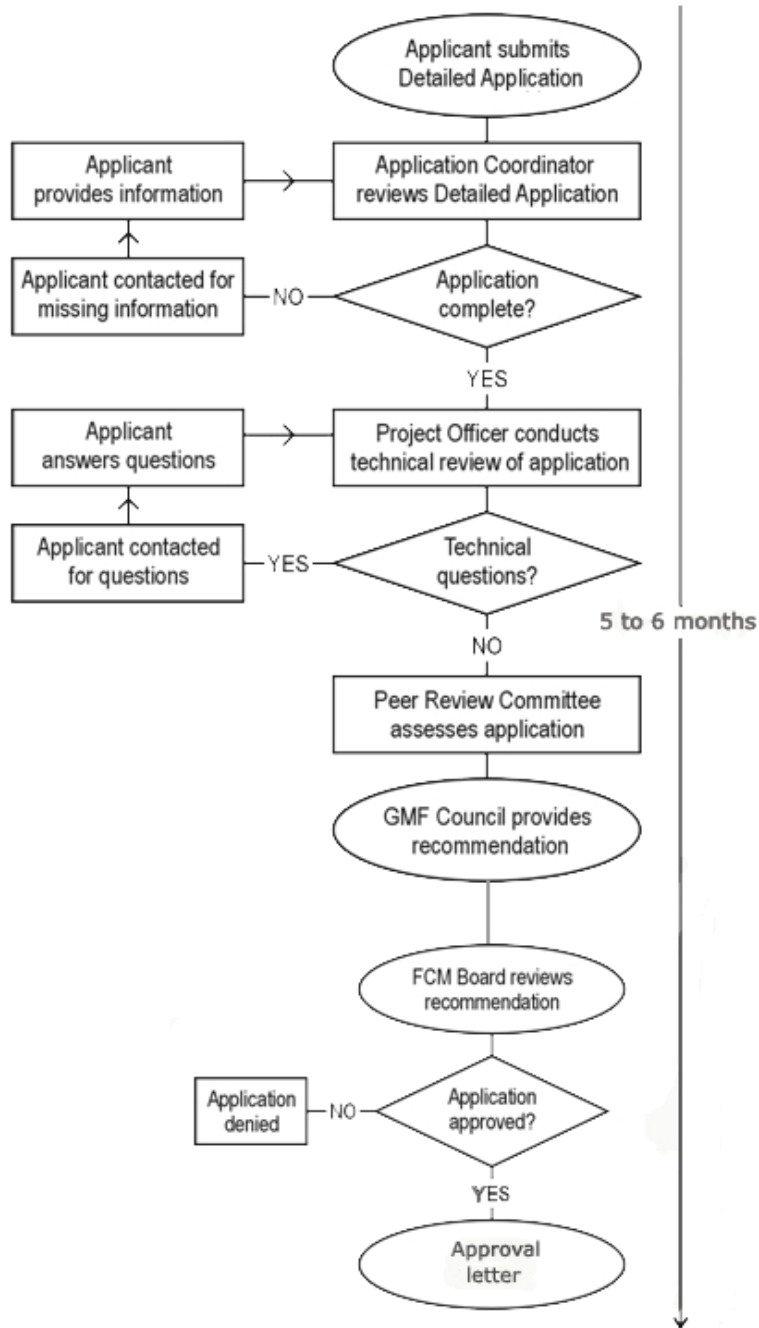
In accordance with the agreement established between FCM and the Government of Canada, all funding recipients must report on the environmental benefits and lessons learned from the implementation of their GMF-funded project.

All approved recipients must comply with the standard GMF project reporting requirements, which include submitting a Project Completion Report (PCR) prepared by a third party consultant. These reporting requirements are available on the FCM Green Municipal Fund website at www.fcm.ca/gmf.

Approved borrowers must also post project signage acknowledging FCM's contribution to the project, following FCM's specifications. The cost for this signage will be considered an eligible cost.

¹ Provincial consultation for applicants from municipal governments inside the Province of Quebec is acquired by way of submission to the Ministère des Affaires municipales, des Régions et de l'Occupation du territoire (MAMROT).

11. Timeline and Next Steps



Glossary

Applicant: The organization that submits the application for GMF funding, manages the project, incurs all expenses, signs the funding contract(s), and requests and receives disbursements. For this call for applications, the applicant must be a municipal government, municipal utility or private operator (with responsibility for municipal wastewater treatment and ownership of project infrastructure) in Canada.

Business plan: Must contain an executive summary, the corporate structure of the company undertaking the project, a market overview, technology, financial forecasts (cash flows from the project), and the financial structure of the project.

Eligible project: Municipal wastewater projects that focus on improvements to effluent quality.

Eligible recipient: Eligible recipients must be a municipal government, municipal utility or private operator (with responsibility for municipal wastewater treatment and ownership of project infrastructure), in Canada.

Feasibility Study: An assessment of the technical and financial feasibility, as well as the environmental, social, and economic impacts of a potential municipal environmental project. A feasibility study typically includes an assessment of the requirements and outcomes of a specific project using verifiable evaluation processes, leading to a recommended course of action.

Field test: An evaluation of the small-scale installation of a potential municipal environmental project under the conditions

in which it will operate. A field test evaluates the technical and financial feasibility, as well as the environmental, social, and economic impacts of a new system or technology, using verifiable evaluation processes, to determine the implications of full-scale implementation. The field test is not a demonstration project and it must be reversible.

Full-cost accounting: Takes a similar approach to a life cycle analysis, but the results are expressed in financial terms.

Life cycle analysis: Considers the environmental impacts of the municipal environmental project in combination with upstream and downstream activities (the inputs and processes necessary to operate, and the outputs that result from operating the municipal environmental project). For example, if a process requires the input of material or energy, a life cycle approach would quantify the environmental impacts of creating those materials and consuming energy. Additionally, a life cycle approach would quantify the products or waste generated as outputs from the project.

Municipal government: The corporation of a region, county, municipality, city, town, village, township, rural municipality or improvement district located within Canada and includes the local board thereof. In the case of an unorganized area or unsurveyed territory located within Canada, a regulatory authority that exercises any power with respect to municipal affairs or municipal needs.

Municipal partner: A non-municipally owned entity (e.g., private sector or not-for-profit) that has entered into contract with a municipal government stating that the municipal partner has responsibility for municipal wastewater treatment and ownership of project infrastructure.

Municipal sustainability plan: A plan demonstrating the necessity or importance of the proposed project in furthering the municipality's sustainable development initiatives and sustainability goals. The areas covered by this plan are energy, water, waste, planning, growth management, infrastructure, sustainable transportation, brownfields, and economic or community development. For example, a sustainable community plan.

Municipal utility: A utility owned in whole or in part by a municipal government.

Peer Review Committee: The technical advisory group responsible for assessing applications against the rated criteria. It is comprised of independent members with technical or financial expertise, or both, in specific environmental fields.

Sustainable community plan: A plan developed through public consultation that identifies a vision and includes environmental, social, and economic goals and targets for the community. The plan also describes the short-, medium- and long-term strategies for reaching its goals and targets, and integrates all areas of municipal concern, such as energy use, neighbourhood and transportation planning, and waste and water management.