

Green Municipal Fund™

Call for Applications:
Brownfields



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



Green Municipal Fund, Call for Applications: Brownfields, 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 <www.fcm.ca/gmf>.

Les formulaires et autres documents concernant le 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: Brownfields	3
4. Objective.....	3
5. Eligibility	3
5.1 Who is eligible?	3
5.2 What projects are eligible?	3
5.3 What projects are not eligible?.....	3
5.4 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 Disbursement.....	4
6.4 Loans.....	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	7
9.1 What information will be required in the application?	7
9.2 Required documents	7
10. Project Reporting	8
11. Timeline and Next Steps	9
Glossary.....	10

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:

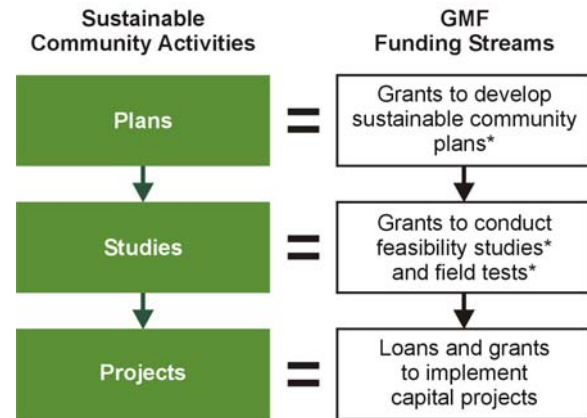
- provides below-market loans and grants to municipalities that deliver leading examples of sustainable development; and
- builds capacity and shares the knowledge and experience gained by municipal leaders through GMF-funded studies and projects.

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 every year: [brownfields](#), energy, transportation, waste and water. Potential recipients can apply only in response to specific targeted 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: Brownfields

4. Objective

The objective of the 2008 call for applications in the brownfield sector is to fund the [remediation](#) components of brownfield redevelopment projects.

To ensure the greatest possible environmental, social, and economic impact, FCM invests GMF loans 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](#), corporation wholly owned by a municipal government, or municipal partner may apply for funding under this call for applications.

5.2 What projects are eligible?

The remediation components of brownfield redevelopment projects are eligible for funding through this call for applications, including removal and disposal of contaminated soils or materials, in-situ or ex-situ treatment of contaminated soils, groundwater or materials, the construction or installation of engineering controls and monitoring systems, and building demolition.

The remediation project must start within 18 months of the date the application is approved.

5.3 What projects are not eligible?

Preparatory work, such as redevelopment plans, [Phase I and II Environmental Site Assessments](#), and remedial action plans are not eligible. Site redevelopment projects following site remediation are also specifically excluded from this call for applications.

5.4 Prerequisites

The following activities must be complete before submitting an application:

- Phase I and Phase II Environmental Site Assessments of the project site
- A remedial action plan or risk management 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 for funding under this call for applications will be eligible to receive funding for up to 50 per cent of eligible project costs. Projects considered to be exceptional are eligible to receive loans for up to 80 per cent of the eligible project costs and a reduced long-term interest rate. In order to be eligible for the exceptional category, a detailed redevelopment plan must be included with the application. See section 8.1 for the minimum requirements to be considered as an exceptional project.

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 to 2 percent.

For municipal partners and corporations wholly owned by a municipal government, 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 up to 10 years (or up to 20 years for exceptional projects).

For information regarding loan disbursement, refer to section Loans.

6.3 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.

6.4 Loans

- FCM may consider making short term loans to be disbursed in multiple phases throughout the remediation based on project milestones and the submission of partial completion reports depending on the particular needs of the applicant subject to any applicable provincial requirements and restrictions;
- Short-term loans will be consolidated into a long-term loan at the completion of remediation where applicable; and

- Exceptional projects will have the opportunity to reduce their long-term interest rate at the completion of the redevelopment based on the confirmation of environmental benefits as stated in the application. The lowest interest rate available is Government of Canada bond rate for the equivalent term minus 2 percent.

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 the complete application is received by FCM, will become receivable only 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;
 - 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: www.fcm.ca/gmf);
- b) costs related to public consultations, environmental assessments, risk assessments, risk management plans, redevelopment 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](#) and independently evaluated on their own merits according to the potential for the project to deliver environmental, social and economic benefits, a sound management approach and the ability to generate lessons for other communities.

In order to be eligible for loan funding of up to 50 percent of eligible costs, project must achieve a minimum overall score of 60 out of 100 points. In order to be eligible for loan funding of up to 80 percent of eligible costs, projects must achieve a minimum overall score of 60 points out of 100, a minimum of 12 points out of 20 in the Other environmental considerations criterion, and submit a redevelopment plan. Refer to the application form for the general scoring grid.

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

Direct environmental benefit

The measures of environmental benefit for this call for applications will be:

- The types, levels, and distribution of existing contaminants and the final environmental quality of the site once remediated;
- The level of risk associated with the contamination for citizens, water sources, wildlife, and other affected entities;
- The expected reduction in or elimination of environmental risks and hazards and improvements to environmental and ecological health;
- The anticipated zoning changes following remediation and their suitability for the final environmental quality of the site; and.
- Volume of soil being treated in-situ, ex-situ, or being disposed at a landfill.

Note: The remediation of significantly contaminated or high risk sites will be considered to have greater environmental benefits than the remediation of less contaminated or lower risk sites.

Other environmental considerations:

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

- Any negative environmental impacts;
- Environmental co-benefits considering air, water, land, biodiversity and the GMF sectors (waste, transportation, energy, and water);
- How the project contributes to implementation of existing plans, strategies, programs, policies for sustainability, overall community vision, sustainable community plan, site inventory demonstrating that the project meets one or more municipal objectives;
- 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 symptoms;

- Site selection based on redevelopment fit and existing infrastructure;
- Remediation process and methodology (alternative approaches are prioritized over “dig and dump”);
- Sustainable characteristics of the planned redevelopment including potential green building certification, heritage preservation, district energy; and
- Analysis and minimization of life cycle costs to the fullest extent possible.

Social benefits may include:

- Protection and improvement of human health;
- Improvement to community quality of life;
- Community economic development and community revitalization;
- Affordable housing opportunities
- Increased public awareness and understanding of brownfield issues and options ;
- Improved safety, reduced number of derelict buildings or areas; and
- Strong public support.

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;
- Partnerships between two or more municipalities; and
- Increase in property tax, sales tax, and GST revenue.

9. Application Requirements

9.1 What information will be required in the application?

In addition to assessing the benefits of the project as described in section 8, 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.

9.2 Required documents

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

For all applicants:

- A 5-10 page summary of the Phase II Environmental Site Assessment (ESA) completed for the project. The summary must be completed by the Qualified Person or Contaminated Site Professional who was responsible for completing and

signing off on the Phase II report. The summary must confirm that the Phase II ESA was completed, summarize methodologies used to characterize the site, summarize type and extent of contamination, describe off-site migration issues, describe the cleanup strategies that were considered, and summarize the remediation plan for site cleanup;

- Worksheets (templates are provided by FCM with the Application Forms);
- A copy of the [remedial action plan](#) or [risk management plan](#); and
- A detailed redevelopment plan (if requesting to be considered exceptional and receive the maximum amount of funding).

For municipal applicants:

- Most recent audited financial statement;
- Signed municipal council resolution describing the level of commitment and financial support for the 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 a corporation wholly owned by a municipal government:

- 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);

¹ Provincial consultation for applicants from municipal governments inside the Province of Quebec is acquired by way of submission to MAMROT.

- 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; and
- For applicants from a municipally owned corporation **outside the Province of Quebec**, evidence of provincial consultation² (a template is available from the FCM Green Municipal Fund website at www.fcm.ca/gmf >)

For 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 the chief financial officer acknowledging that FCM's loans to municipal partner applicants are conditional upon FCM accepting the eligibility of the partnership arrangement (partnership is demonstrated by significant municipal risk-sharing and evaluated on a case-by-case basis)
- 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 project and GMF application; and
- Evidence of provincial consultation (a template letter is available from the FCM Green Municipal Fund website at www.fcm.ca/gmf >)

10. Project Reporting

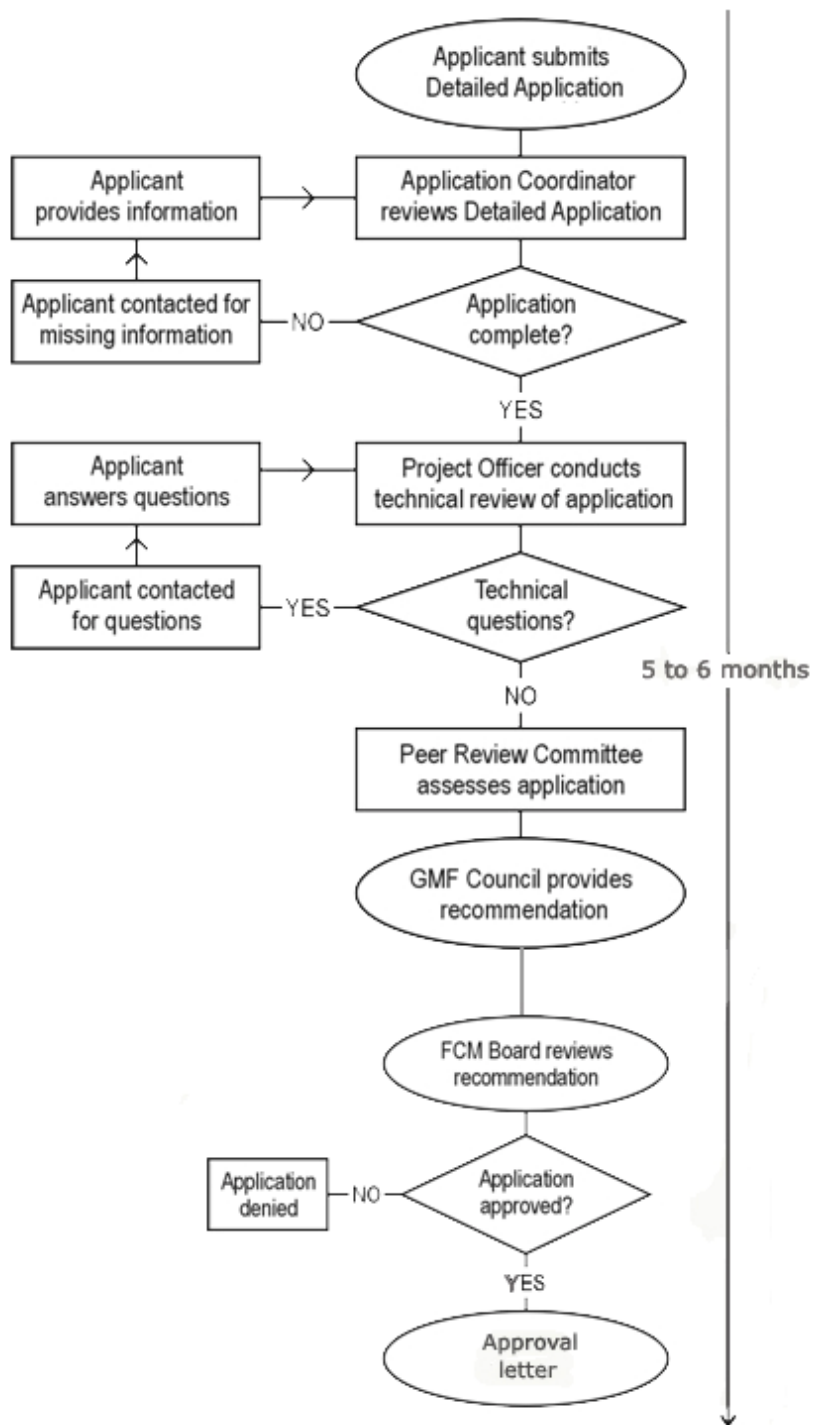
In accordance with the agreement established between FCM and the Government of Canada, all funding recipients must report on the environmental benefits and lessons learned from the implementation of their GMF-funded project.

All approved recipients must comply with the standard GMF project reporting requirements, which include submitting a Project Completion Report (PCR), and an Environmental Results Report (ERR) 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.

² Provincial consultation for applicants from municipal governments inside the Province of Quebec is acquired by way of submission to 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](#), a corporation wholly owned by a municipal government, or a municipal partner in Canada.

Brownfield: An abandoned, vacant, derelict or underutilized commercial, industrial or institutional property where past actions have resulted in actual or perceived contamination or threat to public health and safety and where there is an active potential for redevelopment.

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: Projects that target the remediation components of brownfield redevelopment projects including the costs of building, demolition, removal and disposal of contaminated soils or materials, in-situ or ex-situ treatment of contaminated soils, groundwater or materials, and the construction or installation of engineering controls and monitoring systems.

Eligible recipient: Eligible recipients must be a [municipal government](#), a corporation wholly owned by a municipal government, or a municipal partner 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.

Implementation plan: Plan that includes key tasks, infrastructure and operating requirements, timelines, roles and responsibilities of key personnel, and resource needs.

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), where partnership is demonstrated by significant municipal risk-sharing. Every potential partnership will be evaluated on a case by case basis.

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.

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.

Phase I Environmental Site Assessment: A property evaluation which typically identifies potential or existing environmental contamination. A Phase I ESA does not include the actual collection of physical samples or chemical analyses.

Phase II Environmental Site Assessment: A property investigation where samples of soil, groundwater or building materials are

collected to analyze for various contaminants. This investigation is normally undertaken to characterize and delineate the extent of contamination.

Redevelopment Plan: A detailed planning document describing the use of the brownfield site post remediation, including, but not limited to, the numbers, types and features of any structures to be constructed on the site. Redevelopment plans typically include:

- Project description including area to be constructed or rehabilitated for each type of development (industrial, commercial, institutional, etc.), number of units for each type (residential, commercial, rental, ownership), area of units (square meters) and affordability (market rate or below market rate), and any other uses of the site, such as park or open space;
- Sustainability characteristics of the redevelopment, including green building certification, or on-site heritage building conservation plan, if applicable;
- Site plan and elevation drawings; and,
- Construction value of project and estimated construction start and completion dates.

Remedial Action Plan: A plan that outlines a specific program leading to the restoration or clean-up of a contaminated site

Remediation: The cleaning, containment or immobilization of soil or groundwater contaminants or the demolition and removal of derelict buildings. Under this call for applications, remediation includes:

- remediation and risk management projects for the purposes of meeting provincial or territorial environmental

standards or regulations for the proposed land use; and

- A risk management project where the provincial or territorial regulator accepts or approves the risk management plan for the proposed land use.

Risk Management Plan: A plan that defines the risk issues associated with a property and outlines the tools and options available to mitigate risk and provide protection to both human health and to the environment. Risk management plans typically include hydrogeological and engineering needs as well as requirements for monitoring, maintenance, replacement and contingency.

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.