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Committee on Canadian Issues (CCI)

Members

Eric Sawyer, Co-Chair, City of Calgary, AB

John Martin, Co-Chair, City of Moncton, NB

Trevor Bingle, Province of Ontario, Ministry of Municipal Affairs and
Housing, ON

Carl Bird, City of Yellowknife, NT

Robert Bishop, City of St. John's, NL

Ken Bjorgaard, District of Mission, BC

Betty Holsten Boyer, City of Winnipeg, CA

Marion Brass-Yellowfly, Siksika Nation, AB

Lori Craig, Town of Cochrane, AB

Mark Gilbert, Dalhousie University, NS

Edward Hankins, Regional Municipality of York, ON

Ronald Kaufman, Town of Caledon, ON

Esther Lee, City of Vancouver, BC

Diana Lokken, Capital Regional District, BC

Tracey McMurchy, Government of Saskatchewan, SK

Christina Parkins, Alberta Municipal Affairs, AB

Jim Rusnak, Metro Vancouver, BC
Denis Savard, City of Montreal, QC
Dean Screpnek, City of St. Albert, AB
Richard Sun, Town of Hampstead, QC
Kerry Tarasoff, City of Saskatoon, SK

Advisor

Valerie Blair, Standard & Poor's

GFOA Staff Members

Stephen Gauthier, Jim Phillips

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Committee on Canadian Issues (CCI) Highlights

Toronto, Ontario | January 22-23, 2010

GFOA President Elect Len Brittain and Co-chairs of the Committee on Canadian Issues Eric Sawyer and John Martin welcomed the committee to Toronto for the twenty-third meeting since the committee's inception in San Francisco in 1998 (the twelfth held in Canada). The committee met for two complete days of business on January 22-23.

Members of the committee were provided with a complete day of informative and relative presentations coordinated by Len Brittain and the committee members from Ontario. The presentations began with a tour of the Toronto 311 Call Centre by its Project Director, Neil Evans. The next presentation was a detailed PowerPoint presentation by Bohdan Wynnycky, a manager for the Municipal Performance Partnership Unit with the Province of Ontario, Ministry of Municipal Affairs and Housing, on supporting municipal performance measurement in Ontario. Mike St. Amant, the Director of Accounting Services, from the City of Toronto, followed with a presentation on enhancing strategic influence in the Treasurer's Office. Dan Cowin, the Executive Director from the MFOA, provided an update on the MFOA. Tim Beauchamp, the Director of Public Sector Accounting for the Canadian Institute of Chartered Accountants, concluded the day of presentations with an update on the Public Sector Accounting Board, including significant projects.

Standards Task Force

Diana Lokken and Kerry Tarasoff, co-chairs of the Standards Task Force, circulated a detailed six-month work plan to the committee. The major focus of the task force is to identify best practices that have been adopted by GFOA for their applicability in Canada, and also to develop specific Canadian best practices. The best practices approved by the committee can be accessed in the Canadian section of GFOA's website, www.gfoa.org/canada. At its winter meeting in Canada, the committee decided that the strategic plan will focus on identifying best practices that are unique to Canada, and on identifying the most relevant GFOA practices that have been adopted by the committee. The list of the [top ten issues](#) facing municipal officers developed by the committee will be used to assist in identifying the more relevant best practices. In addition, Len Brittain suggested developing a GFOA best practice on Succession Planning. This recommendation was forwarded to GFOA's Budgeting and Fiscal Policy committee for initial evaluation.

Advocacy & Communications Task Force

Lori Craig and Ed Hankins, the co-chairs of the Advocacy & Communications Task Force, updated the committee on the work plan of the task force. A significant focus of the task force is the GFOA Canadian newsletter, *Canadian Finance Matters*, which is distributed to GFOA's Canadian members electronically. Esther Lee, the committee member who assists in the coordination of the Canadian newsletter, briefed the committee on the progress and future

planning for the Canadian newsletter. As discussed, this edition includes an article on the Vancouver Winter Olympics from the perspective of the City of Vancouver and an article from Len Brittain on his rewarding experience as President Elect of GFOA. The committee is also examining the possibility of increasing the newsletter's circulation levels throughout Canada.

A major goal of the task force is to enhance the links with key provincial associations in Canada, the Alberta GFOA, the GFOA BC, the MFOA and the Western GFOA. The committee has the unique opportunity to strengthen the links since several of the committee members also have significant roles in the associations. The committee is reviewing the potential of establishing joint training between GFOA and a provincial association.

Professional Development Task Force

Chris Parkins and Ron Kaufman, co-chairs of the Professional Development Task Force, updated the committee on the work plan for the task force. An important focus of the task force is establishing and coordinating the Canadian session and the Canadian discussion group at the GFOA Annual conference. The session at the annual conference in Atlanta will be dedicated to the Ontario Municipal Benchmarking Initiative (OMBI) which is a collaborative of municipalities working together to foster a culture of service excellence by developing new ways to measure, share and compare data and operational practices. In addition to the Canadian session, a Canadian Discussion Group will be available for Canadian members to attend at the GFOA annual conference and will be led by committee members Eric Sawyer, John Martin and Ron Kaufman.

The Canadian Award for Financial Reporting (CANFR) reviewers' checklist is being updated and will incorporate the new reporting standards from PSAB. John Martin recently recruited a reviewer from the City of Moncton and commented on her positive experience gained as a reviewer for the Canadian Award for Financial Reporting Program.

The committee has updated the list of the ten most significant issues facing municipal finance officers, which was originally established in 2009. The updated list of the ten most significant issues facing municipal finance officers will be published in the *Government Finance Review*, and will serve as a guide in identifying the more relevant best practices.

Other Business

Richard Sun will be the new co-chair of the Professional Development Task Force, partnering with current co-chair Ron Kaufman.

Acknowledgement of Members

The committee acknowledged the efforts of Chris Parkins who will be completing her term on the CCI. Chris Parkins is noted for her significant effort in coordinating the Canadian session and the Canadian discussion group and for recruiting Canadian speakers for GFOA's annual conferences. The committee thanked her for her outstanding contributions as co-chair of the Professional Development Task Force.

Eric Sawyer and John Martin thanked Len Brittain and the committee members from Ontario, Trevor Bingler, Ed Hankins and Ron Kaufman, for the exceptional coordination of the committee's events.

Adjournment

There being no further business before the committee, the meeting was adjourned. The next CCI meeting is scheduled to take place on Saturday, June 5th, in conjunction with the GFOA Annual Conference in Atlanta, Georgia. The next CCI winter meeting is to be held in Vancouver.

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A Retrospective on being the GFOA President Elect

Len Brittain, Director of Corporate Finance, City of Toronto; lbrittai@toronto.ca

As I look at the 1992 GFOA Distinguished Budget Presentation Award that hangs in my office and which was signed by then-President Jack Pickard of Toronto, I think of my evolution from someone quietly admiring an organization for which I had little involvement and had never attended a national conference, to the position that I find myself in today of President Elect.

During the intervening years, my appreciation for the GFOA has steadily grown, which makes the terms "honoured and humbled" even more meaningful. Certainly the time I spent with the

Committee on Canadian Issues helped pave the way for me to lead an organization that continues to raise the bar for government finance officers across Canada and the United States. One of the things that I appreciate most about GFOA is its focus on practical tools and advice for its members, advanced largely by government finance practitioners. Another is that it is an organization that has continued to evolve—to learn and adapt under the ongoing and steady leadership of Executive Director Jeff Esser and an excellent staff team.

The role of President Elect is a case in point. The position provides a year to job shadow and be mentored by the President and to receive the advice and support from past presidents. In my case, not only did President Paul Macklem ultimately convince me to put my name forward and give me ongoing guidance and support, but I have had the benefit of advice from past presidents such as Ken Rust, Charles Cox and Tom Glaser.

So, what have I learned in the year since I received the call from the Nominating Committee Chair and the nine months since I was elected at the conference in Seattle?

—First, the standing committees are made up of a healthy cross section of intelligent, dedicated and hard working finance officers who produce information that is designed for the members. Toronto had the honour of hosting the winter meeting of the Committee on Canadian Issues in January, which I had the pleasure of attending and for which the work is summarized in this newsletter. A week later, Paul and I attended the winter meeting of the other standing committees in Washington, D.C. We also had the opportunity of seeing snow, which no longer seems to make its appearance in Toronto.

—Second, government finance issues across Canada and between Canada and the United States have much in common. Even accounting rules and federal government relations, once you get past differences in nomenclature, are essentially the same. I would bet that the CCI's top ten finance issues facing government finance officers would resonate with most U.S. members. And this reinforces one of the core purposes of the GFOA—to learn from each other.

—Third, I am now an elected official. This struck me when I made my first official appearance as President Elect at the Global Cities Forum in Toronto, in November. I presented on a panel with Sandra Pupatello, Ontario's Minister of Economic Development and Trade, and Shawn Graham, Premier of New Brunswick. Somehow, I still felt like a public servant.

GFOA is embarking on a number of exciting new initiatives that I am sure will be of benefit to its members. Keep an eye out for the following: new and updated best practices; work of the

Generational Change Task Force, which will help all of us get ready for the influx of the next generation into the government finance ranks; advancements in performance measurement; and the financial management self-assessment system currently being developed based on work done in the U.K.

I look forward to meeting with as many Canadian members as possible at the annual conference in Atlanta. If you have attended past GFOA conferences, you will know that they are amazing events that provide a dizzying array of sessions and unlimited potential for networking with your peers. If you have not, I would encourage you to check out the preliminary session outlines at <http://www.gfoa.org/>. You will be a better finance officer for having attended.

See you in Atlanta!

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Hosting the 2010 Olympic Games

*Esther Lee, Director of
Financial Services, City of
Vancouver;*

esther.lee@vancouver.ca

The City of Vancouver had the honour of hosting the XXI Winter Olympic and Paralympic Games with our co-hosts, the City of Richmond and the Resort Municipality of

Whistler.

Years of planning and hard work preceded the International Olympic Committee's selection of our bid in July 2003 and was followed by even more concentrated efforts which culminated in the excitement of the 17 days of the Olympic Games (February 12-28, 2010) and another 10 days of the Paralympic Games (March 12 -21). What we planned for (completion of Olympic venues and supporting infrastructure) and hoped for (good weather and snow, high levels of attendance, and safe games) was far exceeded by the unprecedented show of Canadian pride across the country.

Vancouver is proud to have hosted an event that brought not only our City, but our country, to international acclaim.

So what did it take to host an event of this magnitude? As Finance Officers, we are interested in the financial costs, but not surprisingly, the public (taxpayers) and the media are just as interested: what did it cost? And as soon as that question is posed, it is important to consider the benefits which were derived from the Games. The intangibles which millions felt across the country when the Olympic Torch relay made it's wondrous journey across our vast nation was – well, some can say – priceless.

That is why the accounting for the costs of the Olympics can be complex and challenging. What should and shouldn't be included? What are the "tangibles"? Given what we all went thru to complete our 2009 Financial Statements and the arduous implementation of PS3150 Tangible Capital Assets, these are significant. In April, a report to City Council summarized the costs, both capital (\$554 million) and operational (\$30 million) expenditures, in as comprehensive a way as possible. ([City of Vancouver Administrative Report dated March 31, 2010](#))

The capital projects the City completed included not only the key Olympic venues (sites of the Olympic competitions), but also supporting infrastructure to get the City "Games Ready". The funding of these expenditures was incorporated into the City's 3-Year Capital Plans preceding the Games (as early as the 2003-2005 and extending to the 2009-2011 Plans) and was complemented by external funding from the Vancouver Organizing Committee (VANOC), the Provincial and Federal Governments and private-sector Olympic sponsors. In total, external funding amounted to \$175 million (approximately 24% leverage).

The City was responsible for providing a number of venues for the Olympic Games which cost a total of \$140 million of which the City provided \$74 million. These venues were built in time for the Games, but will benefit the citizens of Vancouver and the Lower Mainland for decades to come.

Trout Lake and Killarney Ice Rink



planned for major upgrades, and the Olympics provided the external funding of \$5.5 million toward the total costs of \$32 million. The rink was used as the training venues for figure skating and short track speed



skating. Both rinks were completed in April 2009 and were available to the public prior to the Games.

Vancouver Olympic/Paralympic Centre

This state-of-the-art legacy facility was the site of Canada's Olympic Men's Gold and Women's Silver and Paralympic's Gold curling triumphs. To take advantage of planning and construction synergies, a new destination aquatic centre with indoor and outdoor pools was built at the same time as the curling venue. After the Olympics, the curling venue will be converted and will include a community centre, ice rink, curling club, library and preschool. Costs of construction totalled \$88 million with approximately \$40 million from external sources.



South East False Creek (SEFC) Community Centre



using a wide variety of renewable waste energy options to provide space heating and domestic hot water to the neighbourhood buildings.

The foot facility is the City's newest on the waterfront in the City's newest which served as the Olympic Athletes centre for a daycare, restaurant and non-planned and built as a leading model centre covered with a "green" roof, is

The NEU is a district energy system

In addition to the Olympic Venues, the City also completed infrastructure projects to support the Games and to get the City "Games Ready". They included working with other agencies and partners to complete:

- The Canada Line, a rapid transit system connecting Vancouver International Airport (in Richmond) to downtown Vancouver in 25 minutes. Related to this was the construction of the Olympic Village station at \$28 million and Cambie Street restoration and utility relocation amounting to \$26 million.
- The Downtown Granville Street rehabilitation (\$24 million), which became the gathering site of Olympic-sized celebrations every night, filled with proud Canadians clad in red and white.
- Renovations to Civic Theatres (\$64 million) to support the Cultural Olympiad, which brought a number of theatre and music events to the City during the games.

The City also set aside a \$20 million Olympic Legacy Reserve Fund to strategically invest in initiatives that would support our role as Host City during the Games and ensure participation of our citizens. This included two City Celebration sites (Livesites) in the downtown, Torch Relay celebrations, and community sports investments. In addition the Fund also supported the Look of the City initiatives, which included street banners, decorative lighting, and public art. The Federal government provided approximately \$10 million funding towards the City's Livesites. The City's Host City Team involved not only the approximately 485 staff who were assigned and clad in the City's light blue uniforms to be the face of City at the Livesites, but the rest of the staff who were either redeployed (for example, Engineering staff from other branches were assigned to Sanitation as we needed to have increased street cleaning and litter pickup every night after the celebrations in the downtown core), or who had to do their regular jobs to keep the City running (such as the Finance Department, who had to continue running payroll and paying suppliers on top of completing year-end with the PSAB Tangible Capital Asset project changes). The Province of BC provided funding for the incremental costs associated with street cleaning, bylaw enforcement, and fire services which cost over \$6 million, and the Integrated Security Unit provided approximately \$10 million towards additional policing costs.

The report to Council included a very comprehensive tallying of everything directly and indirectly related to hosting the Olympics. It should be recognized that many of these costs were not necessarily incremental; some projects were done earlier than otherwise planned and some of the work was done in conjunction with other City work.

It was an exciting and exhilarating time for the City and we are left with not only many good memories – who will ever forget where they were when Sidney Crosby scored Canada's winning goal in the Men's Gold Hockey game? –

but also some stunning facilities and venues, Olympic Legacies which will be enjoyed by Vancouver citizens and visitors for many years to come.

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The 411 on Winnipeg's 311

*Melanie Swenarchuk, 311 Contact Centre Manager,
City of Winnipeg; mswenarchuk@winnipeg.ca*

Winnipeg is the progressive capital of Manitoba's commerce, arts and political interests. The municipality was incorporated in 1873 and has a population nearing 700,000 made up of a diverse cultural demographic.

With a large and growing population the City of Winnipeg responds by offering a full slate of municipal services, including core services such as Police and Fire/Paramedic as well as Transit, Public Works, Water & Sewer, Community Services programming and Property planning. The City has nearly 8500 budgeted full-time equivalent positions dedicated to providing the best service possible to our citizens. In addition to our employees, the City's Mayor and 15 Councillors are key players in representing citizen's interests.

In response to the Mayor and Council directive to build a better front door and single source of information for citizens, the 311 Contact Centre project was initiated in November 2007.

The project was preceded by an extensive information gathering exercise that determined the City received 2.4 million contacts annually from citizens at the existing 22 contact centres throughout the City. Many metrics were measured as part of the information gathering exercise, including call duration, dropped calls, missed calls, wait times, the number of existing phone numbers and employees involved in service delivery.

The City of Winnipeg 311 project has been one of the most, if not the most, ambitious undertakings by a North American city to date to better connect its citizens with its non-emergency service and information delivery options. The decision to "go live" in Winnipeg with all departments at the same time radically differed from the phased approach used by other cities. The project transformed what was previously a patchwork of information types and sources, each with its own challenges, into a consistently developed and managed knowledge database and communications infrastructure, with the biggest challenge being all departments going live at the same time.

From the initial information gathering, a business case was built that spelled out the investment in facility, technology and people and the resulting return on investment. Upon approval of the business case from Council, the project began in November 2008 with a very aggressive timeline of 14 months planned implementation and "go live" slated for January 16, 2009.

The project had many concurrent activities, including direct involvement of several of the City's employee unions, a full-time communications resource to inform employees, elected officials and the public on the status of activities, and a significant change management focus using a formal methodology. There was also a facility plan and building group taking care of the bricks and

mortar, Human Resource representation providing direction to existing employees and managing the recruitment process for new staff, and a massive undertaking by our Information Technology group to build, prepare and operate the technical infrastructure.

With such a significant cultural and technical shift, the 311 project stretched the boundaries of conventional project management. Every administrative and service delivery resource type within our organization was engaged and challenged to contribute their knowledge and experience. From front line service providers improving our roads and water and waste services to our Chief Administrative Officer, everyone got involved.

In addition to the significant cultural and technical changes, the City built a state-of-the-art contact centre to house the 100+ employees hired to provide the new 311 service. As part of the 311 project, several key systems providing front line service had to be integrated into the new 311 system. These systems included taking payments for parking tickets, registration for leisure and wellness programs, transit trip planning, requests for service repair for the Water and Waste Department, and tee-off times for the City-owned golf courses, among others.

311 Project Outcomes:

- Creation of a City information "knowledge base" that relies upon its consistent design and connection to our service delivery processes to ensure a superior experience for Citizens
- Creation of a state-of-the-art contact centre that provides all the technical tools incorporated into an exceptional ergonomic atmosphere for employees
- Provision of a basis to measure service delivery outcomes compared to targets, which allows objective decision making based on performance to replace the subjective processes of the past
- A heightened focus on citizen satisfaction that has changed how services are delivered and how resources used to deliver those services are most effectively deployed

The budget creation and agreement exercise was a significant undertaking. It began as a three-option exercise as the City examined opportunities for

- outsourcing the function,
- taking a combined approach to outsourcing operations while in-sourcing staffing, and
 - in-sourcing the complete operation.

Budgets for all three options were drafted, with private-sector models used to work up numbers for the outsourcing options. The City's current costs, combined with estimates for the new facility, new software and hardware for the in-source option, were also considered.

Agreement on the project budget was driven by the most cost effective and most viable option being the in-source option. A report to Council was prepared and approved shortly after the analysis of options was complete. Cost sharing/budget transfer agreements were negotiated with each department based on anticipated workload, complexity and call handle times.

The project implementation came in under budget by 5-10%. Cost savings were achieved through lower internal costs, lower than expected integration costs to other software applications and the ability of the City to utilize more of its scaleable hardware facilities than originally planned. The ongoing operating budget for 311 was intended to be budget neutral to the City overall, that is, amounts were sourced from existing departmental budgets. However, incremental investments were made in specific areas, such as technology, to optimize the service enhancement for the Public.

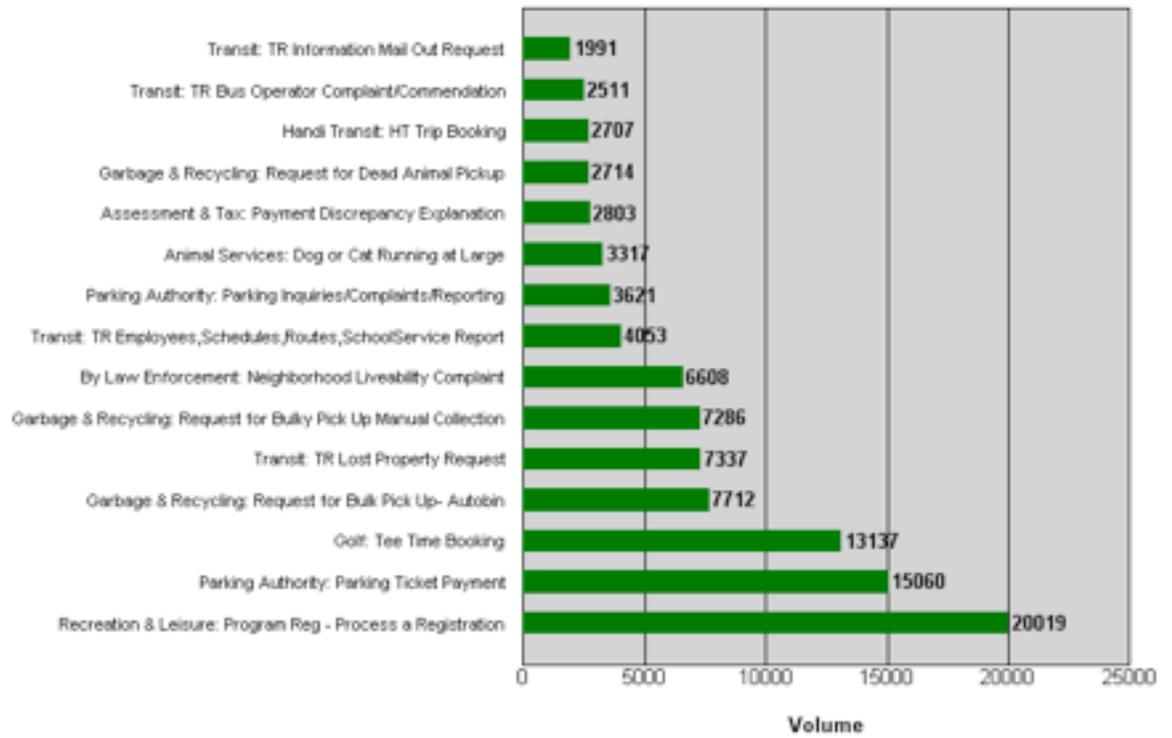
Once implemented, 311 provided the citizens of Winnipeg with a one-stop shop for non-emergency service and information requests 24 hours a day, 7 days a week. This aligned with the strategic vision of the organization by providing quality, world-class customer service to the Citizens of Winnipeg every day of the year. The fully engaged and operational Contact Center is now handling 6000 calls per day and 100 e-mails per day. Service delivered through 311 is real-time, flexible and up-to-date. The centre has added value to the citizens of Winnipeg by being able to respond very quickly to issues facing the City. In April 2009, less than three months after

opening, 311 was able to assist in coordinating volunteer efforts for sandbagging activities and provide information to homeowners whose properties were at risk during the Spring Flood. One of the biggest challenges was the Public education component. Citizens had misconceptions about the workings of 311, and many understood this to be a switchboard-type of system, as opposed to consolidating the call taking function within one centre. The public wanted to speak with the departments that they "had always spoken to", and a public awareness campaign was put in place to address the misconceptions and educate the citizens on the "new way" of doing business with the City.

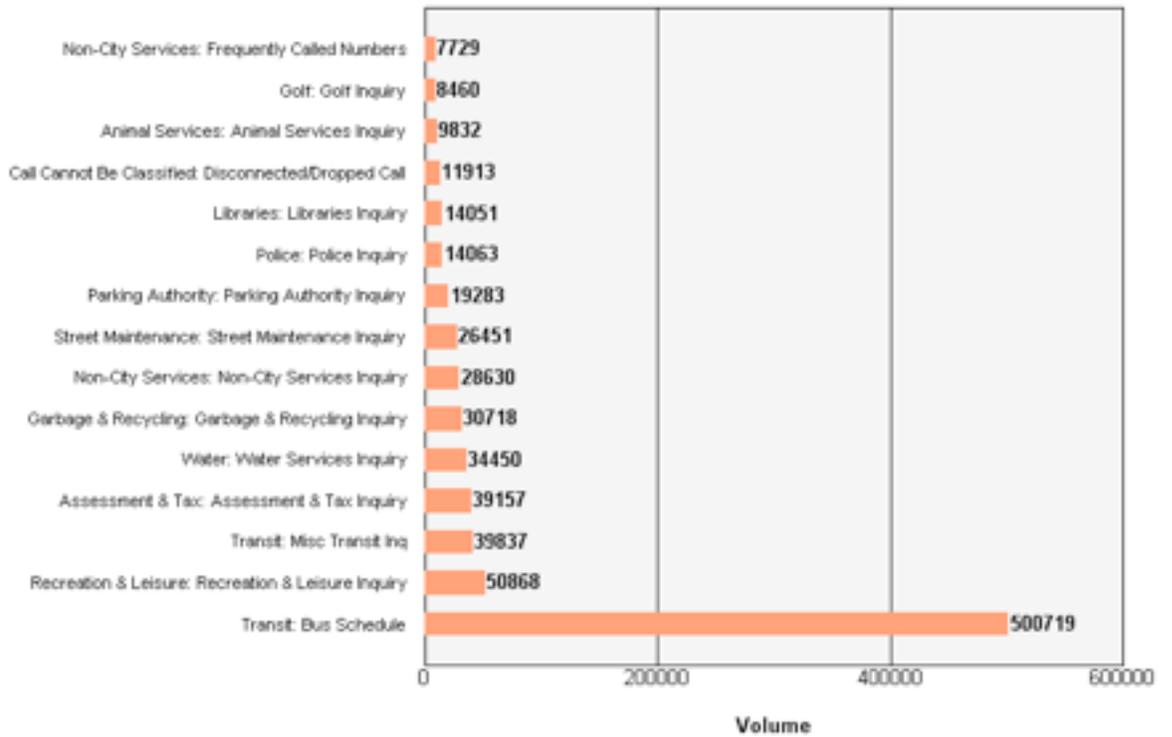
Now, after one year of operation, 311 is successful because it delivers the scope planned, it meets the expectations of the organization, and more importantly it continues to meet the expectations of the Citizens of Winnipeg. The project was delivered on time and it was delivered within the budget allocated, with departments working closely together and delivering service in a more coordinated, consistent fashion. Key sponsorship from our Mayor and Council and their united support to improve service for citizens, and their interest in better reporting of service timing and quality, assisted greatly in delivering this project.

City of Winnipeg - 311
2009 Volume Statistics

Service Requests



Information Requests



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Climate Change – Challenge, Opportunity or Both? Are You Prepared?

Mike Younie, M.Sc., P.Ag., P.Geo., Manager of Environmental Services, District of Mission

Global warming, climate change, carbon neutral, carbon credits, protocols, offsets... It is enough to think you need to go back to school. What does it all mean for Canadian municipalities? The short answer is "a great deal of work" for a variety of people. Councils are struggling to set emission reduction targets, environmental services staff are busy completing corporate and community greenhouse gas (GHG) emission inventories and action plans, and finance staff are not only busy tracking energy expenditures but also energy consumption, personal vehicle use, etc.

While it is a new science that is incomplete and built on many assumptions, it is one that we must learn quickly as we go forward in order to mitigate the threats that are real according to many leading scientists. If ever there was a time to practice adaptive management, now is that time. We have all heard of the negative impacts associated with global warming and climate change – increased droughts, ecosystem destruction, more intense rain events, etc. According to the Federation of Canadian Municipalities (FCM), Canadian municipal governments have an important contribution to make in terms of climate protection, as up to one-half of Canada's greenhouse gas emissions are under the direct or indirect control or influence of municipal governments.

Local governments can encourage development patterns that reduce GHG emissions, such as dense mixed-use communities that are transit-oriented and less reliant on vehicles. Sustainable building practices can be promoted, ones that result in buildings that are far more efficient in terms of energy and water use – buildings that are often more comfortable than typical buildings.

Landfills, most of which are under local government control, can be significant sources of greenhouse gas emissions, and requirements to collect these emissions are being developed by senior governments as we speak. While local governments have an important role to play, it is imperative that provincial and federal governments do their part and ensure that mitigation strategies are collaborative between all levels of government.

While mitigating climate change is challenging and will take significant resources from all levels of government, not to mention very drastic behavioural changes on the part of residents and businesses, there are also incredible opportunities awaiting local governments who are capable of adapting quickly. British Columbia is taking a leadership role in addressing climate change. The provincial government has legislated crown corporations, government ministries and public agencies to be carbon neutral by the end of 2010. Local governments have been encouraged to sign the BC Climate Action Charter, voluntarily committing themselves to carbon neutrality by 2012. Since the use of fossil fuels is not likely to disappear in the next two years, carbon offsets are likely to become a hot commodity in the near future – a commodity that local governments can produce and benefit from.

Depending on the regulatory framework, collection and flaring of landfill gas will generate revenue from the sale of carbon offsets. Using methane to heat buildings or generate electricity could generate additional credits or savings in terms of energy purchases also. Many local governments have large tracts of land that can be planted with trees to sell carbon offset credits.

These trees have additional benefits in terms of biodiversity conservation, which is another priority for many local governments. Removing organics (food waste) from disposal in landfills and using this material in anaerobic digesters followed by composting can generate carbon

credits while significantly extending capital assets such as landfills. Water conservation also means less pumping and treating of water and sewage, delayed capital expenditures and reduced GHG emissions.

Whether you believe in climate change or not, climate change has encouraged local governments to think differently and think more intelligently. We do not just build bigger now, as we cannot afford to simply build bigger. The recent focus on energy use, water consumption, liquid and solid waste management, true cost accounting, etc., by local governments is long overdue. There is no question that fossil fuels will become more expensive as supplies dwindle. Local governments who adapt now to reduce their dependency on fossil fuels and become better at managing their water, sewage and solid waste systems will become more resilient and find themselves better prepared to meet the new future.

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Canadian Municipal Market Update - May 18, 2010

*Paul Belanger, Director, Debt Capital Markets,
Government Finance, RBC Capital Markets;*

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The worst of the credit crisis is (hopefully) behind us and the markets have returned to some semblance of "normal". Certainly, we are beyond the darkest days when municipalities' access to the debt markets was limited by volatility and uncertainty in the markets. However, the experience of the last several years has had a lasting effect on the market in many ways and new headwinds have emerged in the form of sovereign debt concerns to make 2010 another "interesting" year.

Municipal debt issuance in Canada in 2009 surged to approximately C\$3.2 billion, up from about C\$2.2 billion in 2008. The large increase was due in part to the fact that the latter part of 2008, in the heart of the credit meltdown, was a very difficult new issue environment and many issuers chose not to (or could not) access the market. The backlog of debt issuance carried over into 2009 as issuers caught up in their borrowing programs and continued funding new capital spending.

2010 looks to be another busy year as infrastructure spending continues, buoyed by stimulus programs, although at this point it looks unlikely that we will reach 2009 levels of issuance.

The Legacy of the Crisis

There are several themes that persist as a result of the credit crisis:

Focus on Liquidity – Investors have a strong preference for bonds that are liquid. Most investors prefer a minimum issue size of C\$100 to 200 million in a benchmark term (i.e., 5, 10 or 30 years). The universe of buyers willing to purchase a smaller issue (or a small piece of a serial debenture) has shrunk. Larger municipal issuers who have been able to establish a regular benchmark issuance program at a popular term such as 10 years have been rewarded with a broader investor audience and the ability to issue \$300 to 400 million at a time. That being said, serial debentures are still a useful tool for borrowers with more modest requirements, but the optimal size for the market currently is in the \$30-50 million range. In 2009, there were C\$530 million issued in serial debenture form and C\$2.7 billion in bullet format.

Less Reliance on Ratings – Investors today are approaching credit in a more comprehensive manner than ever, relying less on third party ratings and doing more due diligence on their own (especially for new issuers). That being said, having a rating is still an important buying criteria for most investors and, in many cases, there is a preference for two ratings rather than one.

The Importance of Investor Marketing – Municipal bonds in the Canadian context represent only a small slice of the market. In the DEX Canadian bond index, municipal bonds represent only

2.3% of the non-Canada spread products, versus 52.8% for Provincial bonds and 44.9% for corporate bonds. In secondary trade, municipal bonds represent only 1.6% of secondary market turnover in non-Canada spread product, versus 34.5% for corporates and 63.9% for provincial bonds. Against this backdrop, it is important for municipal issuers to stake their claim in the market and engage in investor relations work to help expand the universe of buyers in their name and promote the municipal sector in general.

Looking ahead in 2010

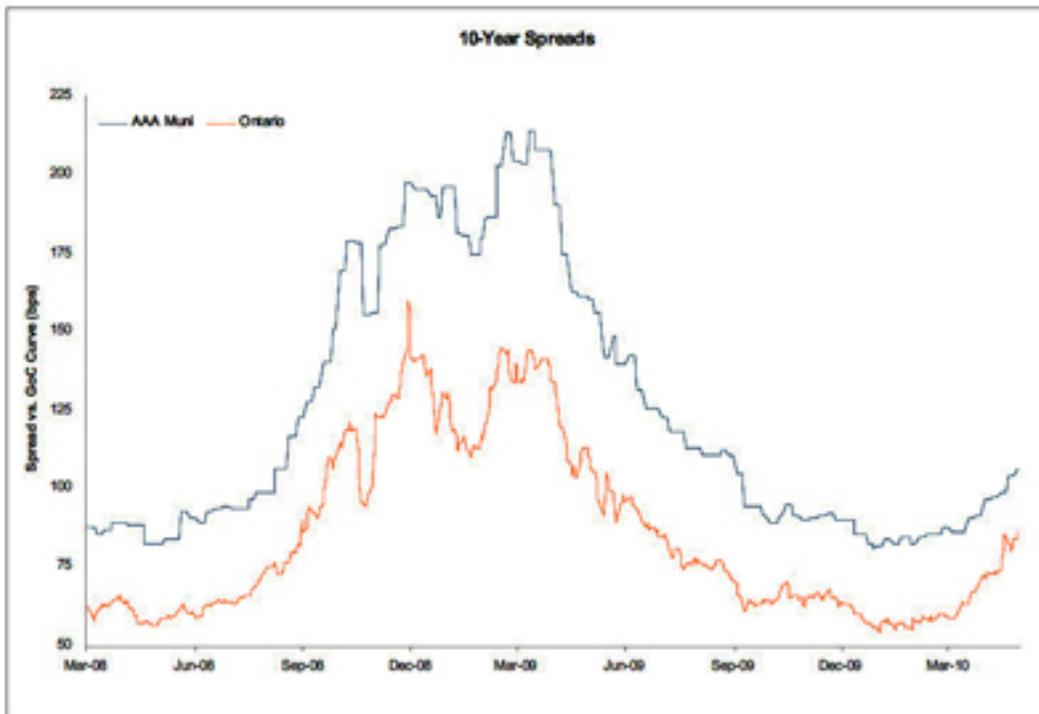
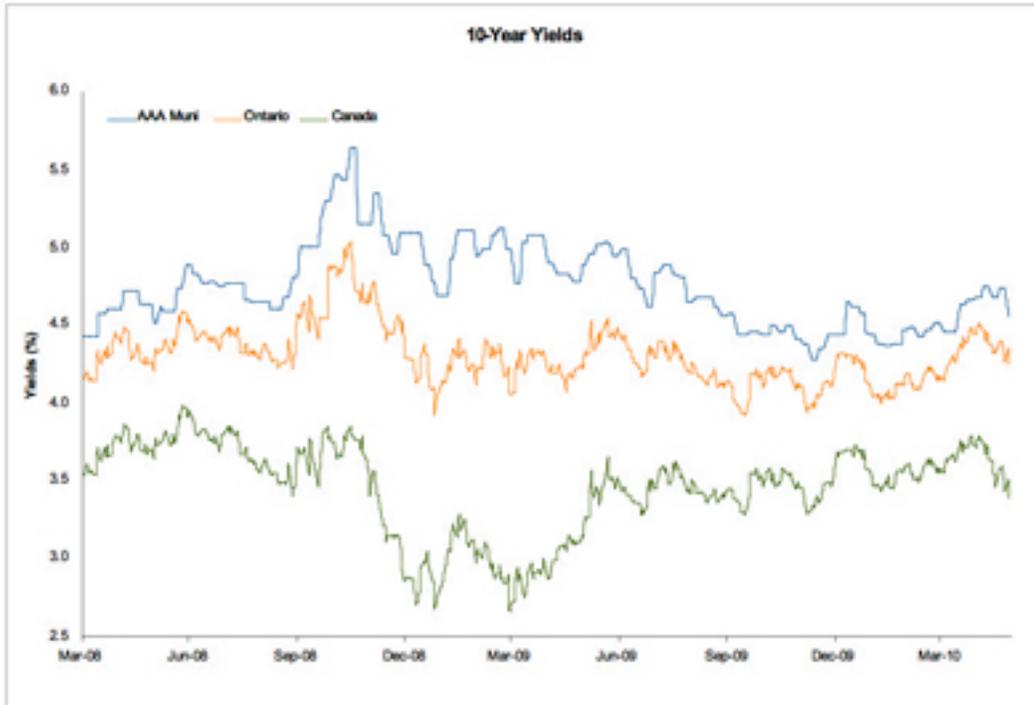
So far this year we have seen over C\$1.3 billion in municipal issuance in Canada – \$1.14 billion in bullet debt and \$187 million in serial debentures. Issues have been, for the most part, well received, with investors favouring larger bullet issues. Given limited municipal issuance in the 30-year term, the City of Toronto's recent C\$400 million 30-year issue saw good interest from investors, providing liquidity, a new name in the long end of the curve and another useful pricing benchmark for other issuers.

For the balance of the year, municipal issuers in Canada are faced with several challenges, not withstanding the difficulties bubbling in Europe around Greece and the spectre of a sovereign debt crisis. Municipalities planning to borrow in the next year or two need to consider the expected rising-interest-rate environment and the prospect of increased government borrowing across the different levels of government.

Rising Interest Rates – Like other central banks, the Bank of Canada has been trying to find the right balance between stimulus and restraint, but it has become increasingly clear that, as Canada's economy starts to recover, short-term interest rates are poised to rise as early as June this year. Rates across the yield curve are expected to increase, led by the front end, which will result in a flattening of the yield curve. (This expected curve flattening will have the most impact on serial pricing, which currently benefits from a steep yield curve.) Although banks' forecasts vary widely as to the extent of the increase in interest rates further out the curve, most would agree that they will be higher by the end of the year. Some issuers who have flexibility in their borrowing programs are front-end loading their issuance this year to protect against the expected increase in rates.

Increased Government Issuance – Governments at all levels are issuing more debt to support infrastructure spending and large deficits at the Federal and Provincial level. Although credit spreads recovered dramatically from the widest levels of 2009, spreads have started to widen following the provincial budgets this spring as the aggregate size of expected provincial borrowings and the recent flight to quality flows have put pressure on spreads. This year, it is anticipated that the provinces will borrow between C\$75 to 80 billion, with Ontario accounting for almost C\$40 billion of that total, compared to a level of approximately C\$70 billion in 2009. As the charts below demonstrate, the increase in Canada yields from the lows of early 2009 has been offset somewhat by a narrowing in credit spreads, keeping AAA municipal borrowing costs at 10 years in a fairly narrow range, generally between 4.5% and 5%.

The municipal market in Canada is open for business in 2010 as the volume of new issuance so far will attest. However, it is still being influenced by the challenging environment of the past two years and new headwinds as the aftermath of the crisis continues to play out. Municipalities planning to issue debt should consider the likelihood that interest rates will be higher by the end of the year and, when possible, issues will need to be structured to cater to investors' term and liquidity preferences to ensure the greatest likelihood of success.



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GFOA without Borders

Sam Weller, Executive Director of the GFOA of BC;

weller@gfoabc.ca



We have all heard about "Doctors Without Borders" and the important work they are doing throughout the world, providing medical assistance to those who need it the most. While it is true there are huge health issues in the developing world, there are also serious financial issues.

Government Finance Officers can play a major role in the set-up of financial management systems that will

1. Produce efficiencies in the revenue collection process,
2. Control waste in the expenditure process,
3. Safeguard the assets of government, and
4. Provide a basis for sustainable financial planning in the future.

As a volunteer advisor with the Canadian Executive Service Organization (CESO), I have made two trips to Cameroon, in West Africa, to work with local governments in setting up financial management systems. It was a humbling experience to work with such dedicated people. We can hardly conceive collecting property taxes when nobody has an address. Try making payments when everybody has to be paid in cash. Try using computers when the electricity is off for days on end. It certainly puts our problems into focus.

The first thing I had to do when I was there was to throw any preconceived ideas about how I could help out the window. The second thing I had to do was listen to the issues that were important to them, and the third thing was to trust them to find solutions for themselves, rather than doing what I thought should be done.

In 2008, I worked with the Town of Bafut, a local government with a population of 100,000 and an annual budget equivalent to \$220,000 Canadian dollars. With that budget, they were supposed to pay 30 staff and look after roads, sanitation, markets, and economic development. One of their concerns we addressed was whether they were collecting enough revenue and whether it was all reaching the treasury, such as with tolls from the sand trucks which passed through the town. I instituted a system where simply by having the revenue collectors report daily to the Treasurer, the Mayor and Council on the revenue that they collected, they raised awareness and improved the honesty associated with these collections. I was gratified to see when I returned a year later that revenues from this source were up over 50% from what they had been the year before. Not all the initiatives I introduced produced such dramatic results, but most were still in place, including spreadsheets used for budgeting and a streamlined organizational structure.

In 2010, I returned to the same region to train Finance Officers in the other 33 Councils in the same sort of techniques. I experienced a real eagerness and willingness to learn from all of the finance staff that I met and trained. It was a tremendously rewarding experience and I hope to be invited back in 2010 to continue this work.

Other Local Government Finance Officers in BC who have participated in overseas projects are Diana Lokken and the staff of the CRD in their FCM partnership in a Town in Ghana, Linda Tynan with the FCM Tsunami project in Sri Lanka in 2007 and Penny Bruin who participated in

an IPAC project in South Africa in 2006. We will be presenting our experiences at the GFOA Conference in Atlanta in June 2010 and expect to stimulate interest in others doing similar work.

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Top Ten Issues Facing Municipal Officers

The Top Ten Issues Facing Municipal Officers was established in 2009 and is used to assist in identifying the most significant best practices. Below is the updated list as voted on by members of the Committee on Canadian Issues at its 2010 meeting in Toronto:

1. Long-Term Financial Planning/Fiscal Sustainability

2. Citizen Expectations and Emerging Service Demands vs. Tax and User Fee Levels

3. Infrastructure Deficit

4. Economic Situation and Effect on Budgets

5. Senior Government Intervention, including Regulatory

6. Senior Government Downloading (e.g., Social Issues and Policing)

7. Succession Planning, including Attraction and Retention

8. Service Performance Management

9. Emerging Technologies

2010 GFOA Annual Conference

Brittain Becomes President

We are happy to announce that Len Brittain, Director of Corporate Finance for the City of Toronto, Ontario, will become President of the GFOA at the 104th Annual Conference, June 6-9, 2010, in Atlanta, Georgia. This is the first time that the GFOA will have had back-to-back presidents from Canada.

Canadian-specific Sessions at the GFOA's 104th Annual Conference

GFOA Without Borders

Sunday, June 6, 3:50-4:40 p.m.

Many GFOA members have volunteered their time and put their vast finance experience to work helping developing countries establish systems, controls and best practices in all areas of public finance. In this discussion session, you will hear from your colleagues about their experiences abroad, and learn how you too can help finance professionals in other countries further develop their expertise and build stronger finance offices within their local governments.

Moderator: Dr. R. Mark Gilbert, Professor, Dalhousie University – School of Public Administration, Halifax, NS

Speakers: Sam Weller, Executive Director, GFOA BC; Diana Lokken, General Manager, Corporate Services, Capital Regional District, Victoria, BC; Penny Bruin, Manager, Business Logistics and Projects, City of Vancouver, BC

Performance Measurement: Making It Work for You

Tuesday, June 8, 2:00-4:30 p.m.

The Ontario Municipal Benchmarking Initiative (OMBI) is a collaborative of municipalities working together to create new ways to measure, share, and compare performance statistics and information on operational practices in order to foster a culture of service excellence. This session will discuss how the OMBI collaborative and framework function; the processes used to develop measures; and how the data are helping councils, staff, and citizens understand where their administrations are performing well and where service delivery improvements are needed.

Moderator/Speaker: Connie Wheeler, Corporate Initiatives and Special Projects Manager, Office of the City Manager, City of Hamilton, ON

Speaker: Andrea Reid, Program Manager, Corporate Continuous Improvement, Office of the Chief Administrative Officer, The Regional Municipality of York, ON

Canadian Government Discussion Group

Tuesday, June 8, 4:00-4:50 p.m.

This discussion group will identify key financial issues facing governments across Canada. It will also afford delegates the unique opportunity to share information and concerns with members of the GFOA's standing Committee on Canadian Issues.

Discussion leaders: Eric Sawyer, Co-Chair, CCI, and Chief Financial Officer, City of Calgary, AB; John Martin, Co-Chair, CCI, and City Treasurer and Chief Financial Officer, City of Moncton, NB; and Ronald Kaufman, Deputy CAO/CFO/Director of Corporate Services, Town of Caledon, ON

For details on all sessions offered at GFOA's conference and to register, visit www.gfoa.org/conference. For any questions about the conference, email Annual Conference.

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2010 Western Canada Conference

The GFOA 2010 Western Canada Conference will meet in Winnipeg, Manitoba, from September 15-17. Mike Ruta, former member of the CCI, and Len Brittain, President Elect of GFOA, will provide opening remarks on Wednesday, September 15, at 8:30 a.m. For more information and to register, please visit the [GFOA 2010 Western Canada Conference website](#). The first 125 people to register will have their names entered in a draw to win a mini-laptop (netbook) at the conference.

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**Canadian Award for Financial
Reporting (CAnFR) Winners for
Fiscal Year Ended 2008**

The GFOA's Canadian Award for Financial Report (CAnFR) is designed to encourage the highest standards of financial reporting for Canadian Governments. It acknowledges governments that prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure.

Jurisdictions that are interested in receiving the more information about the award or individuals who are interested in serving as reviewers for the program should contact Jim Phillips in GFOA's Chicago office (312-977-9700; JPhillips@gfoa.org).

Congratulations to the following forty-two jurisdictions for receiving the CAnFR for the fiscal year ended in 2008:

Alberta

- [City of Airdrie](#)
- [City of Brooks](#)
- [City of Calgary](#)
- [City of Edmonton](#)
- [City of Lethbridge](#)
- [City of Medicine Hat](#)
- [City of St. Albert](#)
- [County of Lethridge](#)
- [Parkland County](#)
- [Sturgeon County](#)

British Columbia

- [Capital Regional District](#)
- [City of Abbotsford](#)
- [City of Coquitlam](#)
- [City of Kelowna](#)
- [City of Port Alberni](#)
- [City of Port Moody](#)
- [City of Richmond](#)
- [City of Salmon Arm](#)
- [City of Surrey](#)
- [City of Victoria](#)
- [Corporation of the City of Port Coquitlam](#)
- [District of Kent](#)
- [District of Maple Ridge](#)
- [District of Mission](#)
- [District of North Vancouver](#)
- [District of West Vancouver](#)
- [Municipality of Saanich](#)
- [Sunshine Coast Regional District](#)

Ontario

- [City of Brampton](#)
- [City of Burlington](#)
- [City of Mississauga](#)
- [City of Toronto](#)
- [Corporation of the Town of Markham](#)
- [Corporation of the Town of Oakville](#)
- [Regional Municipality of Durham](#)
- [Regional Municipality of Halton](#)
- [Regional Municipality of Niagara](#)
- [Regional Municipality of Peel](#)
- [Regional Municipality of York](#)
- Saskatchewan**
- [City of Regina](#)
- [City of Saskatoon](#)
- Yukon**
- [City of Whitehorse](#)

**CANADIAN AWARD FOR
FINANCIAL REPORTING
PROGRAM REVIEWERS**

The GFOA would like to recognize those reviewers who dedicate many hours to the CAnFR program:

Mark Beauparlant

Manager Financial Services, City of Mississauga, Ontario

Kris Boland

**Manager of Capital/Utility Financial Planning and Investments,
District of Mission, British Columbia**

Pina Colavecchia

**Senior Manager, Public Sector, Assurance and Advisory, Deloitte
& Touche, Toronto, Ontario**

Robert Correll

**Principle, Canadian Institute of Chartered Accountants, Toronto,
Ontario**

Terry Corrigan

**Principle, Canadian Institute of Chartered Accountants, Toronto,
Ontario**

Andrea Flanders

Financial Analyst, City of Moncton, New Brunswick

Archie G. Johnston

Audit Partner, KPMG, Burnaby, British Columbia

Helen Leskiw

Finance Strategic Advisor, City of Edmonton, Alberta

Patricia H. Roberts

Benefits of participating as a reviewer in the Canadian Award for Financial Reporting Awards Program

The GFOA's Canadian Award for Financial Reporting Program has been promoting the preparation of high quality financial reports since 1986, and the reviewers serve an important role in the process. Reviewing annual financial reports provides an outstanding opportunity to enhance your own government's annual financial report while obtaining recognition from your peers.

Who is eligible to become a reviewer?

- Finance officers, staff, auditors, academics – anyone with a good understanding of governmental accounting and financial reporting.

How will I benefit from my experience as a reviewer?

- Obtain an enhanced understanding of the practical application of public sector accounting recommendations.
- View a variety of acceptable methods of reporting and disclosure.
- Get practical ideas for improving your own government's financial report.
- Obtain recognition from your peers.

What can I expect?

- You will receive one annual financial report in the course of a year using a simplified checklist.
- The approximate time to complete a review is between two to four hours.
- Reviews can either be filed electronically, faxed, or mailed.

If you are interested in becoming a reviewer in the Canadian Award for Financial Reporting Awards Program, contact Jim Phillips (312-977-9700; JPhillips@gfoa.org).

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**Distinguished Budget Presentation
Awards by province**

GFOA's Distinguished Budget Presentation Awards program is designed to encourage governments to prepare budget documents of the highest quality to meet the needs of decision makers and citizens.

Jurisdictions or individuals interested in receiving more information about the award should contact John Fishbein in GFOA's Chicago office (312-977-9700; JFishbein@gfoa.org).

Congratulations to the following twenty-five jurisdictions for receiving the Distinguished Budget Award:

Alberta

Airdrie
Calgary
Edmonton
Lethbridge
St. Albert

Spruce Grove

British Columbia

Abbotsford
Coquitlam
Kelowna
North Vancouver
Port Coquitlam
Surrey
Whistler

Manitoba

Manitoba Lotteries Corporation
Winnipeg

Northwest Territories

Yellowknife

Nova Scotia

Kings County

Ontario

Burlington
Markham
Milton
Mississauga
Regional Municipality of Halton
Regional Municipality of York
Toronto

Quebec

Montreal

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Popular Annual Financial Reporting Award Winners

GFOA's Popular Annual Financial Reporting program is designed to encourage governments to prepare and issue annual financial reports specifically tailored to meet the needs of citizens and others without specialized expertise in accounting and financial reporting. These reports are intended to supplement, rather than replace, comprehensive annual financial reports.

Jurisdictions interested in receiving more information about the award should contact Jim Phillips in GFOA's Chicago office (312-977-9700; JPhillips@gfoa.org).

Congratulations to the following jurisdictions for receiving the Popular Award for the fiscal year ended in 2008:

Alberta
City of Edmonton

British Columbia
Capital Regional District
City of Coquitlam
Corporation of the District of Maple Ridge

Scholarships

The GFOA currently offers three scholarships annually to students enrolled in full-time courses of study preparing for careers in state and local government. For more information about these scholarships, please visit GFOA's [Scholarship Page](#).

Desktop Training

Visit GFOA's website to learn about GFOA's latest internet offerings. Register to participate www.gfoa.org/training. For questions, email [Training](#).
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