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MARKET POSITION PAPER

The Three Layers of Intelligent-Community Pain

What Canadian municipalities actually struggle with when they chase an Intelligent Community Forum designation — and why the hardest problems are the ones nobody has written down.

Distilled from a nine-municipality evidence ledger — 72 verified findings across Durham, Kingston, Winnipeg, Hamilton, Grey County, Toronto, Montreal, Calgary, and Waterloo.

Prepared by: Button Inc. · **Focus:** ICF Smart21 / Top7 / Certification cohort · **Date:** July 2026

What this paper argues

Municipalities pursuing an Intelligent Community designation talk openly about broadband, digital literacy, and workforce. Those are real, but they are the surface. Underneath sit two harder layers: the organizational strain of coordinating a whole-of-government initiative that no single department owns, and a set of unmeasured, unspoken costs that never appear in a budget line or a press release.

The evidence below is drawn from what nine Canadian ICF communities have actually done and said — council minutes, budgets, job postings, ICF's own profiles, and one provincial Auditor General audit. The pattern is consistent enough to be predictive. A community entering this journey today — Saanich, BC being the live example — will hit these same three layers in roughly this order. Button's discovery-led practice starts one layer deeper than the surface brief.

LAYER 1 · CORE The pains they will name out loud

Stated, on-the-record problems the initiative is explicitly meant to solve. Visible in strategy documents and ICF submissions. A conversation that stays here is competing with everyone else in the room.

Broadband economics don't close on their own

The connectivity story every community leads with hides a multi-year subsidy. Durham built an entirely new municipal corporation, Durham OneNet, to run its regional network; on the Region's own account it was funded entirely by taxpayers for its first three years and only became profitable in 2025. Hamilton went further back — it stood up HCE Telecom as a wholly-owned city telecom subsidiary in 2014, after major employers complained about the incumbent providers. Kingston reached the same place by a lighter route, extending the mandate of the utility it already had. Three communities, three structurally different bets, one shared truth: the infrastructure is a public balance-sheet commitment long before it is a win.

> **DURHAM REGION** / VERIFIED · ICF PROFILE
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> Durham OneNet, the broadband company built to support the Region's ICF connectivity story, was taxpayer-funded for its first three years and only became profitable as of 2025.

> **HAMILTON** / VERIFIED
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> Hamilton established HCE Telecom in 2014 as a wholly-owned city telecom subsidiary after major employers complained about incumbent providers' service.

The certification itself is a cost the community absorbs

ICF's own process page states that Full Certification onsite audits are organized by the community and conducted at the community's own expense — the auditor's travel, accommodation, and related costs land on the host. This is not a Durham detail; it applies to Kingston's September 2025 audit and to every community that reaches for the top tier. The designation is a bill, not a grant.

Single-anchor fragility is real, and it has already bitten

The risk that a whole innovation narrative rests on one company or one champion is not hypothetical. During BlackBerry's 2012–2013 crisis, a Waterloo economic-development agency sent all major local employers coordinated speaking notes directing them to publicly "demonstrate continued confidence in the potential of RIM." That is a real, organized messaging-management response to exactly the fragility this kind of initiative quietly carries.

LAYER 2 · ADJACENT The pains that surface once the work starts

Second-order organizational realities. Not what the initiative set out to fix, but what it exposes about how the municipality actually runs. This is where a partner who has seen the pattern before earns trust.

The governance is retrofitted, not native

The most consistent finding in the entire cohort: cross-department coordination is almost always built after ICF recognition, to catch up to a story the application already told. Durham's engagement began as an informal advisory gathering and was only later formalized into a steering committee. Hamilton created a Mayor's Intelligent Community Task Force after its 2016 Smart21 recognition. Winnipeg went furthest — in October 2024, three years after its 2021 award and sixteen months after certification, the mayor created the city's first-ever Council Technology and Innovation Liaison, explicit evidence that dedicated technology governance did not previously exist at the council level.

THE TELL HIDING IN THE ORG CHART

Before myDurham 311 launched in 2019, the Region ran **more than 60 separate public phone numbers and more than 50 separate email addresses** for government services. The fragmentation an Intelligent-Community bid is meant to resolve is usually this concrete — and this invisible from the outside.

Champions are load-bearing, and they leave

Where a single person carries the initiative, stability is doing quiet work. Kingston (Gillespie, 2017–present) and Grey County (Myers, 2016–present) show what continuity buys. Winnipeg shows the counter-case: its economic-development leadership turned over from Spiring to Kuffner, who then announced his own resignation in March 2026 with a successor search still open. When the champion is a person rather than a structure, the initiative inherits their turnover risk.

The funding is grant-stitched, so priorities bend to what's fundable

Kingston's Workplace Inclusion Charter, supporting over 80 local employers, states plainly that all of its projects have been funded exclusively through grants, not municipal operating budget. Programs assembled from grants follow the grants — a durability problem that only shows up when the funding cycle turns.

After the award, most communities simply go quiet

The strongest single pattern across the historical names: post-award disengagement. Calgary's 2002 co-honoree win was followed by the longest post-award silence of any winner studied — no Smart21 history, no certification, no further ICF activity in 23 years. Waterloo (2007) and Montreal (2016) show the same sharp drop-off. The designation is treated as a finish line, and the capacity built to win it dissipates.

LAYER 3 · INVISIBLE The pains no one has written down

Costs and risks that appear in no budget line, no press coverage, and no retrospective. We know they exist mainly by their absence in the record — the questions the cohort never answered about itself.

Nobody can find the money, because it isn't tracked as a line

Across Kingston, Durham, Winnipeg, Hamilton, and Grey County, an exhaustive search for an ICF- or Intelligent-Community-specific budget line came up empty every time. The spending is real — Winnipeg's technology service alone runs a $30.9M operating budget — but it is diffused across general IT and economic-development budgets. The consequence is quiet but serious: no community in the cohort can actually say what its Intelligent-Community pursuit costs, which means none can say what it returned.

THE RETROSPECTIVE THAT WAS NEVER WRITTEN

Five years after Winnipeg's 2021 award, no post-award impact report, retrospective, or "what did the win deliver" follow-up exists anywhere in the record. Untracked cost and unmeasured outcome are the same blind spot seen from two sides.

The absence of criticism is not the absence of a problem

For nearly every community studied, no public criticism framed around the ICF pursuit could be found — not in Durham, Kingston, Hamilton, Winnipeg, or Montreal. On its face that reads as consent. More likely it reads as invisibility: an initiative that no one owns visibly is also an initiative no one scrutinizes, until something forces the question. Toronto is the exception that proves it. Its 2014-winning entity, Waterfront Toronto, was later found by the Ontario Auditor General to have a mandate that genuinely overlapped with several other bodies — and its smart-city successor, the Sidewalk Labs Quayside project, collapsed in 2020 amid official concerns over data, privacy, and governance. Scrutiny arrived eventually. It arrived late, and from outside.

Even ICF knows the site visit can be staged

The most candid admission comes from ICF itself. Co-founder Louis Zacharilla wrote in 2016 that the awards jury had warned him of a "Potemkin Village" risk on Top7 site visits — host cities showing only their best parts — and that ICF considered but rejected adding a second independent visitor because the added cost to the host was not judged justified. The evaluation itself concedes it may be seeing a performance. For a community investing real capital to be seen well, that is a structural incentive to spend on appearance over substance.

The three layers at a glance

LAYER	THE PAIN	HOW YOU KNOW IT'S THERE
Core stated	Broadband that needs years of subsidy; certification billed to the host; single-anchor fragility.	Durham OneNet unprofitable until 2025; ICF audit at community expense; Waterloo's RIM crisis messaging.

LAYER	THE PAIN	HOW YOU KNOW IT'S THERE
Adjacent emergent	Governance retrofitted after the award; load-bearing individual champions; grant-stitched funding; disengagement once won.	Winnipeg's first-ever council liaison (2024); Kingston's grant-only charter; Calgary's 23-year silence.
Invisible unwritten	Cost that no budget tracks; outcomes never measured; no scrutiny until failure; evaluation that can be staged.	No ICF budget line in any of 5 communities; no Winnipeg retrospective in 5 years; ICF's own "Potemkin" admission.

The Saanich opening

WHY THIS IS A DOOR, NOT A COLD LIST

Saanich, BC is not yet in the ICF cohort — and that is precisely the point. Its Intelligent Saanich effort is a live, named, budgeted council initiative run out of the District's Economic Development office, explicitly framed as foundational support for the 2023–2027 Council Strategic Plan. The District is **currently forming an Intelligent Community Task Force** to build a roadmap toward eventual Smart21 and Certification.

A community at the roadmap stage is a community that has not yet hit Layers 2 and 3. It is about to build the governance it will later discover it needed, spend money it will later be unable to account for, and pursue a designation whose real costs the entire existing cohort has left undocumented. Those three layers are foreseeable — and Saanich's task force is exactly the audience for a conversation that starts one layer deeper than the pitch it will hear from everyone else.

Evidence base: cohort-ledger.csv — 72 findings across nine municipalities, classified by pain tier (8 core, 16 adjacent, 1 invisible-hypothesis, 18 documented gaps, 29 context). 44 findings independently verified, 4 triangulated. Primary sources include ICF community profiles, municipal budgets and council minutes, job postings, the Ontario Auditor General's 2018 audit and 2020 follow-up of Waterfront Toronto, and ICF's own published certification process and commentary. Saanich framing per the District of Saanich Intelligent Community page. Gap findings denote items that could not be verified within the research window and are reported as blind spots, not conclusions.