Cost Sharing Formulas for Private/Undesignated Roads

(Prepared by Ian G. Heggie, revised March 1999)

**Finland.** Each municipality has its own rules for supporting cooperative roads. In 1990, government provided about $30 million to support cooperative roads, municipalities provided $40 million, while the remaining $50 million was provided by members of the cooperatives. Government support is channeled through FinnRA and is allocated to each qualifying road on the basis of traffic volume and number of permanent households served by the road. The amount allocated per km is as follows:

\[0.75 \times L \times \$800 \times C \times (L - 0.1 \times R),\]

where 0.75 is the maximum proportion of costs to be financed,
\(L\) is the length of the road,
\(\$800\) is the estimated average maintenance cost per km,
\(C\) is the maintenance class of the road (\(C = 1.50\) for class 1 roads, 1.25 for class 2 roads, 1.00 for class 3 roads, and 0.75 for class 4 roads),
\(R\) is the number of permanent residents living along the road.

**Ontario, Canada.** In unincorporated areas (i.e., undesignated roads), specific construction projects approved by the province are financed 100 percent by the province. In areas covered by individual agreements, no support is provided for construction, but the province will meet 50 percent of the costs of maintenance. In areas which have formed local roads boards, the province meets two-thirds of the costs of both construction and maintenance. No support is provided for roads in unincorporated areas not covered by the above agreements.