



Canadian Association of Municipal Administrators

Infrastructure Canada's
Long-Term Infrastructure Plan – Phase 3

Position Paper

September 1, 2012

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Preface

The Canadian Association of Municipal Administrators (CAMA) is a national association that represents over 500 senior municipal staff from communities across Canada. This membership includes City Managers of large cities like Toronto and Vancouver and administrators of smaller communities like the Hamlet of Enterprise, NWT and the Village of Gagetown, NB. CAMA's purpose is to develop and promote excellence in municipal administration in order to enhance the quality of municipal government in Canada and the services provided.

Given the significance that municipal infrastructure plays in the daily lives of all Canadians, CAMA is providing this paper as input to the "*Discussing the Agenda*" component of Infrastructure Canada's engagement process for the new long term plan for infrastructure, which is set to extend beyond the expiry of the Building Canada program in 2014. Taki Sarantakis, Assistant Deputy Minister, Policy and Communications for Infrastructure Canada, encouraged this input.

Methodology

In order to ensure that this paper appropriately represents the opinions of its membership, CAMA completed the following tasks:

- Formed a subcommittee of its executive to oversee the development of a comprehensive and balanced paper that would represent the interests of its diverse membership.
- Reviewed research on the subject provided by Infrastructure Canada, numerous professional organizations, academia, research institutes and departments of the federal government.
- Hosted 9 hours of one-on-one interviews with interested members at a trade show, which was held in conjunction with the annual CAMA Conference.
- Administered a survey of its membership to which over 100 municipalities responded.
- Current and former CAMA Board members or designates attended a full day workshop on the subject hosted by the Federation of Canadian Municipalities (FCM).

Introduction

This paper reflects the opinion of CAMA as an association and addresses administrative matters associated with Federal Infrastructure investments. CAMA is very respectful of the policy and political relationships that the Federation of Canadian Municipalities (FCM) has with the federal government and fully supports FCM's Infrastructure Program Principles.

Addressing Canada's municipal infrastructure deficit is a daunting task. CAMA commends Infrastructure Canada for having the foresight to take the first steps towards addressing this issue. Without the vision and commitment of the federal government, future generations of Canadians could be left with an impossible task. Working together, we can build a plan that fixes the ground-level problems affecting Canada's families and businesses and the economy: crumbling roads, rusting bridges, crowded buses, and broken water mains.

Over the past decade, the federal government has taken a proactive approach in addressing Canada's municipal infrastructure challenges and has shouldered responsibility along with the other two orders of government. It is important that all orders of government acknowledge that municipal infrastructure is paramount to the Canadian economy and it is therefore critical that all governments

in Canada collaborate in addressing this issue. Given that municipalities only receive a very small percentage of Canadian tax dollars they cannot be expected to address this challenge alone.

A long-term plan that invests in municipalities will help create jobs and strengthen the economy. For example, these projects will repair, refurbish and expand roads and public transit so that goods and workers can move more efficiently. Investing in core infrastructure such as roads, bridges, water, and sewer supports existing, growing, and new businesses. Furthermore, building leisure facilities makes Canada's communities more attractive to skilled workers and their families and helps promote healthy living amongst all Canadians.

CAMA would like to acknowledge the excellent effort and commitment that the federal government has made through programs like the Gas Tax, the Building Canada Fund, the Infrastructure Stimulus Fund (ISF) and the Recreation Infrastructure Canada (RInC). Our members have indicated that the flexibility and permanency of the Gas Tax is an exceptional example of a positive partnership between municipalities and the federal government. Members also believe that recent programs have been more streamlined and flexible than their predecessors. Further efforts to provide predictable funding and more streamlined processes will be discussed later in this paper.

Some of the projects that have benefitted from collaboration with the federal government include:

- Stratford, Ontario Southside Storm System Upgrade \$8.2 million
- Gatineau, Quebec Alymer Water Treatment Facility \$10.5 million
- Regina, Saskatchewan Roadway Improvements \$11 million
- Stratford, P.E.I. Lantz Sewer and Water Project \$.9 million
- Beaumont, Alberta 50th Ave Storm Sewer \$2.9 million
- CRD, British Columbia Aquatic Facility Renovation& Expansion \$10.6 million
- North Battleford Sask. Water Treatment Plant Expansion \$2 million

Priorities

From an **administrative** perspective, CAMA believes that the following matters are of great importance and should be seriously considered by Infrastructure Canada when formulating the 2014 Municipal Infrastructure Grant Program.

Predictable Funding

As municipal administrators, one of the primary responsibilities that CAMA members have is to develop long term plans and budgets for their elected Council and community. Most municipalities at minimum have a 10-year capital plan and many also have Infrastructure Plans that span 25, 50 or even 100 years.

In completing these plans and budgets, it is commonplace to develop a fairly sophisticated and precise plan of anticipated expenditures. The difficult part for administrators is to present a realistic estimate of anticipated revenue streams. Programs like the Gas Tax provide a steady cash flow to address specific infrastructure and allow municipalities to incorporate these revenue streams into their long term capital plans.

CAMA strongly recommends that any future programs include an ongoing long-term commitment in order to allow for predictable budgeting. As stakeholders we recommend a program that is built into base Federal Budget.

Simple application and reporting process

CAMA members have found that the application and reporting process with many federal grants is overly complex and onerous. A streamlined process will save administrative costs for all orders of government that are involved in the program. Many of the requirements for

large sophisticated projects are superfluous for smaller projects. Also, the electronic format of the application does not allow for cutting and pasting. This is very time consuming for municipalities. Our members believe that the Federal Gas Tax is a very positive example of an easy application and reporting process. Another positive example of the Federal Government streamlining a process is the recent legislative change introduced in the Budget Omnibus Bill C-38. This Bill reduces the environmental review requirements for "low risk" projects.

Single point of contact

Our members have reported that it is often challenging for municipal staff to find an appropriate, well-informed staff person to discuss grant applications with and find that they often deal with several different people on the same matter. This time-consuming process could be avoided with a single point of contact that would represent the provincial/territorial and federal interest in the application. We believe it would reduce administrative costs associated with the program if a process such as this were adopted.

Stackable with other grants

Input from members indicates that matching grant programs can be challenging for some municipalities. Members have suggested that funding from the Federal Infrastructure Grant Program should be able to be matched with other federal (i.e. Gas Tax) or provincial/territorial grants. Some members do not have the cash, reserves or borrowing capacity to match grants.

Flexible Financial Arrangements

For some municipalities, cash flow for capital projects can be challenging. Members have therefore suggested that it would be advantageous for grants to be paid in advance and then consolidated with Infrastructure Canada once a project is complete. This approach would show a level of trust between the federal government and municipalities and any concerns

about the appropriate use of funds could be addressed through the legal conditions placed in the funding agreement.

Many municipalities would like to be able to borrow money in order to “front end” a project. This requires the assurance of the federal grant in order to provide for such a commitment. Cities like Edmonton have been able to make such arrangements in order to accommodate developments such as a large light rail transit project.

Another important criterion to CAMA members is the ability to bank funding in order to save for a major expense. Given that planning and timing for infrastructure is sometimes governed by matters beyond a municipality’s control, there are circumstances where deferring a project to a later construction year is advantageous to a jurisdiction.

Comprehensive Funding

CAMA members have experienced grant programs that exclude things such as land acquisition, studies, or engineering from the eligible project costs. Though these exclusions may simplify some of the administration of the grant, it does not provide the municipality with the ability to share the full cost of the project with the other orders of government that may be involved the funding.

A typical example of this would be a park and ride center. The first step of such a project would be to complete analysis of need, then do a location analysis, followed by preliminary engineering, land acquisition, detail design, project management and lastly construction. Often some of these costs have been identified as ineligible.

CAMA recommends that federal infrastructure grant funding consider more elements of the total cost of the project.

Realistic Project Deadlines

Members were very pleased with the Infrastructure Stimulus Fund. However, there was a considerable amount of concern about the short deadlines to develop and apply for projects and the tight deadlines for project completion. Although there is full understanding of the urgency of that particular program, our membership believes that this style of program administration is not a preferred method. We believe that for any future programs, the project completion "countdown" should only begin once a project has been accepted.

Review Process

Through our research, we found that the federal application review process can be very long and drawn out. There are reports of some municipalities waiting 2 years for a review to be completed. CAMA believes that this can be streamlined with adequate resources at Infrastructure Canada. Advancing grant funds to municipalities with some form of holdback (i.e. 10%) would allow for adequate oversight yet a more expeditious process.

Program Design

CAMA believes that it is important to have a face to face participatory conversation with Infrastructure Canada and FCM when the application and reporting process for the next municipal infrastructure grant program are being designed. Our insight into municipal operations would assist Infrastructure Canada in creating processes that address federal needs while not being unnecessarily complex for all parties involved. Our Association fully understands the need for accountability however we also believe that local government should be recognized as a responsible and mature partner.

Conclusion

CAMA appreciates the fact that Minister Lebel and Infrastructure Canada's administration have used a comprehensive consultative process in preparing for the next phase of Canada's Long Term Infrastructure Plan and the associated municipal grant program that is slated for 2014 and beyond.

Our participation in the Phase II Steering Committee and the opportunity to submit this paper are unprecedented. We believe that administrative collaboration such as this provides for a forum for frank discussions, open information sharing and ultimately, better administrative recommendations by all parties. We trust that our submission will be of assistance to Infrastructure Canada's staff as they develop recommendations for program guidelines, criteria and administration.

CAMA looks forward to being consulted on further phases of the municipal infrastructure program and on other future initiatives.