



OCSI Member Associations

August 31, 2012



The Honourable | L'honorable Denis Lebel

Minister of Transport, Infrastructure and Communities and Minister of the Economic Development Agency of Canada for the Regions of Quebec

Ministre des Transports, de l'Infrastructure et des Collectivités et ministre de l'Agence de développement économique du Canada pour les régions du Québec



Dear Minister Lebel:

We thank the Minister for the opportunity to make a formal submission to the Roundtable on Infrastructure initiative this summer. We offer to be an ongoing resource to the Minister and the Ministry of Infrastructure and Communities as a representative of the Ontario sector, promoting safe and sustainable infrastructure.



We extend our appreciation to Ms. Vanessa Schneider, when recognizing that the Toronto Roundtable was full, invited the Ontario Coalition for Sustainable Infrastructure to submit a written submission.



Please find our submission, attached.

Sincerely,

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Encl: *Submission – Federal Roundtable on Infrastructure*

Federal Roundtable on Infrastructure

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Submission to:

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**Minister of Transport, Infrastructure and Communities and Minister of the Economic
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développement économique du Canada pour les régions du Québec**

Submitted by:

Ontario Coalition for Sustainable Infrastructure (OCSI)

The Ontario Coalition for Sustainable Infrastructure (OCSI) brings together the combined resources of six well-established organizations to work toward sustainable infrastructure in Ontario. The Coalition represents:

- Municipal Engineers Association (MEA)
- Municipal Finance Officers' Association (MFOA)
- Ontario Good Roads Association (OGRA)
- Ontario Public Works Association (OPWA)
- Ontario Water Works Association (OWWA)
- Water Environment Association of Ontario (WEAO)

The mission of the Coalition is the promotion of "Safe and Sustainable Infrastructure". The key messages of the Coalition are the:

- Need for maintenance of existing infrastructure to be managed and funded. Sustainable infrastructure is not only about building new infrastructure, it's about managing existing infrastructure and getting good value. Effective management of existing infrastructure includes: operation and maintenance; repair, rehabilitation and replacement; and disposal.

- Consideration of life cycle costing in the building of new capital projects, which may result in selecting more expensive initial investments in order to minimize maintenance over the life cycle. Low bid options and pricing often run counter to long-term planning.
- Effectiveness of asset management plans that integrate technical, operational/maintenance and financial perspectives which provide municipalities with necessary information to make informed decisions.

In response to the three main questions from the Minister's office, we provide the following points and recommendations.

1. How could future federal infrastructure programs respond to specific challenges in your region or sector?

Speaking from an Ontario sector perspective, future federal infrastructure programs could include more touch points with the sector to cooperatively determine priorities. Currently priorities are often driven by short-term deliverables versus long-term needs of the community.

 **Recommendation:** *The federal infrastructure program set specific targets and provide ongoing programs for water, wastewater, roads, transit, etc. which would allow municipalities to plan more effectively on a long-term basis.*

One issue that has been discussed many times is that we can have all the greatest infrastructure planning tools in the world, but it is all pointless unless we have sustainable and adequate funding. Municipalities have the majority of current infrastructure replacement needs but only have a small portion of the tax base. Municipalities need access to an expanded consistent revenue stream such as the revenue derived from the current gas tax contribution. Any extra streams should be dedicated to and targeted to infrastructure renewal rather than to general revenue. The bottom line is that healthy and fully functional transportation, sewer and water systems are a critical and essential base for a modern and competitive society.

Further to the point on setting targets and planning, municipalities need consistent funding programs that result in stable infrastructure growth and the implementation of a renewal strategy. Consistent funding levels will eliminate the current cycles of peak and low periods of

construction and thereby allow the industry to better manage its resource which keeps construction prices at a reasonable level.

Short term federal infrastructure programs are inefficient because they focus on short term projects which may not be the highest priority for the community.

● Recommendation: *The federal infrastructure program focus on long term federal infrastructure programs which will be able to promote the best use of project funding based on long term infrastructure management systems, helping communities to meet their priorities and planning cycle. Future funding programs include money for maintenance and repair, rehabilitation and replacement as well as new infrastructure which will support municipalities in their role of managing existing infrastructure and planning for future infrastructure.*

Future federal infrastructure programs could respond to specific challenges in the Ontario municipal sector by:

- continuing support through funding of capital or systematic type projects from the provincial and federal governments;
- providing timelines for project completion that are less aggressive and a little more realistic;
- providing sufficient advanced notice of deadline for application submission;
- ensuring that different departments of the government are communicating with each other before the roll out of a significant legislation; and
- ensuring that there are programs for the various project sizes or the size of a community.

2. What are the key short, medium and long-term infrastructure objectives for your region or sector and how do they support economic growth, competitiveness and job creation?

Short term infrastructure objectives include:

- getting people to work;
- getting works out to market;

- achieving compliance.

Medium to long-term objectives include:

- sustainability of infrastructure system with respect to financial, environmental and societal (service level) needs;
- sound financial planning and debt management to avoid exceeding regulatory debt caps; and
- giving municipalities more financial tools, such as the gas tax to be financially sustainable.

Long-term objectives include:

- ensuring there is a replacement program that is sustainable for and fair to the rate or tax payers using the infrastructure. To become more proactive rather than reactive in the capital improvement program, moving towards asset management programs that support and deliver sustainable infrastructure.

3. How can all levels of government, the private sector and stakeholders work together to ensure Canada has the infrastructure it needs to support sustained economic growth? How can we encourage greater private sector involvement, leverage private investments, and increase the use of public private partnerships where they can generate better value for taxpayers?

It has been our experience that public private partnerships (P3's) are of interest but upfront costs and time requirements have been prohibitive in many cases. For P3's to be effective, the project has to be of a significant size which is not applicable to most front-line, municipal public works. P3's cannot be readily applied to heavily regulated and prescriptive activities such as water and wastewater. Where a long term revenue stream is provided, like the 407, P3's can be successful.

In our experience, the benefits of P3's have typically focused on defined timelines and deliverables versus real cost savings for front-line providers, i.e. those who will operate and maintain the project in the long-term. Cost savings related to operations and maintenance are more important to front line providers, and over time, these costs far exceed the initial capital cost by 5:1.

Requirements for upper level approval often negate the opportunity for innovation and options for infrastructure projects.

Zero risk tolerance from all levels of government adds hurdles and costs. In our experience, Acts, Regulations and contract requirements often contradict one another or unnecessarily burden undertakings. There may be a need to step back and review, consolidate, enhance or remove legislation versus 'adding more' to the already complex mix.

Take whatever measures are necessary to expedite approvals. In our experience in Ontario, the current system is taking too long, even to approve standard projects.

 **Recommendation:** *All levels of government need to streamline and simplify their requirements related to approvals and delivery of infrastructure. There is a need to coordinate federal and provincial regulatory requirements to avoid duplication and ideally provide a “one window” approach.*

Better co-ordination and opportunities for learning from experiences between provincial governments will streamline the delivery of infrastructure projects. For example mineland remediation using biosolids and other organics has been progressing on a large scale for years in western Canada and the USA; however, in Ontario we must do all sorts of trials and research at a small scale over years. Why can we not share expertise amongst provinces and stop wasting the private sector's and government's time and money?

 **Recommendation:** *Better co-ordination and opportunities for learning from experiences between provincial governments will streamline the delivery of infrastructure projects.*

Program restructuring or redesign needs to be done in a thoughtful manner in consultation with stakeholders. Program restructuring should be driven by policies that have a positive benefit relative to cost and protect the environment.

For example, the federal government has decided to make changes to the fertilizer act to 'deregulate' it more. Asking the private sector to develop its own rules in a rapid time frame appears a recipe for confusion and disaster as everyone will use a different benchmark. Where

will leadership and research initiatives come from? Who will deal with issues based on science, in an educated and unbiased manner?

- *Recommendation: Program restructuring should be driven by policies that have a positive benefit relative to cost and protect the environment.*

We thank the Minister for the opportunity to make a formal submission to the Roundtable on Infrastructure initiative this summer. We offer to be an ongoing resource to the Minister and the Ministry of Infrastructure and Communities as a representative of the Ontario sector, promoting safe and sustainable infrastructure.