



Promoting safe and sustainable infrastructure

January 29, 2016

By e-mail: submissions@ontario.ca

MEMBER ASSOCIATIONS



The Honourable Charles Sousa
Minister of Finance
c/o Budget Secretariat
Frost Building North, 3rd Floor
95 Grosvenor Street
Toronto, ON M7A 1Z1



**RE: 2016 PRE-BUDGET CONSULTATIONS
SUBMISSION BY ONTARIO COALITION FOR SUSTAINABLE INFRASTRUCTURE**

Dear Minister Sousa:

As one of the leading voices of public infrastructure in Canada, the Ontario Coalition for Sustainable Infrastructure (OCSI) is committed to the sustainability of our transportation, water and sewer systems and other public infrastructure.

OCSI brings together the combined resources of six well-established organizations to work toward one voice for infrastructure in Ontario. The Coalition comprises:

- 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 Coalition represents the municipal public works sector and OCSI is pleased to make this submission as part of the 2016 Pre-Budget consultations.

OCSI's key message for the Province is to support municipalities in meeting their infrastructure obligations by providing ***municipal funding in a predictable and sustainable manner.***

www.on-csi.ca

Ontario Coalition for Sustainable Infrastructure
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Formula-based Funding is Best Approach

Formula-based entitlement funding that is stable and predictable for municipalities is the best approach, allowing municipalities to implement their priorities from their Asset Management Plan/Program with predictable (although modest) funding from the province.

Municipalities appreciate and effectively utilize the federal gas tax rebate as it is predictable, can be carried forward for 5 years and can be applied to the municipality's priority project(s). This is a good model to follow. Further, the province could have formula-based entitlement funding defined in legislation, as is the federal gas tax.

“Worst First” Approach Rewards the Wrong Behaviour

Funding programs in the past have taken a “worst first” approach. Municipalities who showed the biggest need, usually measured by them being in a tough financial situation or if they had infrastructure in poor condition, were rewarded with funding. In effect, the province was enabling municipalities who were not doing good planning.

Municipalities who were doing a good job in planning and managing the risks associated with their infrastructure either did not apply for funding or were not granted funds.

Funding for “Shovel-Ready” Projects Does Not Necessarily Create New Projects

“Shovel-readiness” as a criterion for funding provides ribbon cutting opportunities sooner but may not support a priority project for the community. Funding should help municipalities deliver their priority projects as identified in their asset management plan. Funding should focus on core infrastructure (water, wastewater, stormwater, roads, bridges and transit) which helps municipalities to be drivers for economic development.

Projects should not be assigned priority just on the basis of their “shovel-readiness”, an approach which past funding programs have encouraged. It is good if the money goes to a priority project, but programs in the past had the effect of changing priorities for the municipality. This approach runs counter to the proactive approach that asset management planning as a tool and guiding document provides municipalities.

Artificial deadlines for spending the money create a supply/demand problem. As the demand goes up (with the March 31st deadline), the cost of providing engineering services, construction costs and equipment supply costs also tend to go up or is not available.

Municipal Priorities

The municipal priorities related to sustainable wastewater and stormwater systems are shown in the figure below and table on the next page¹. In general, these priorities will be representative of all core infrastructure owned by municipalities, i.e. roads, bridges, water, wastewater and stormwater.

The number one priority for short term and long term challenges related to sustainable funding for rehabilitation and preventative maintenance, with adequate funding for capital works a close second. Operations staff availability and competency was identified by 38% as a priority and 30% identified incorporating resiliency into infrastructure projects.

MUNICIPAL PRIORITIES

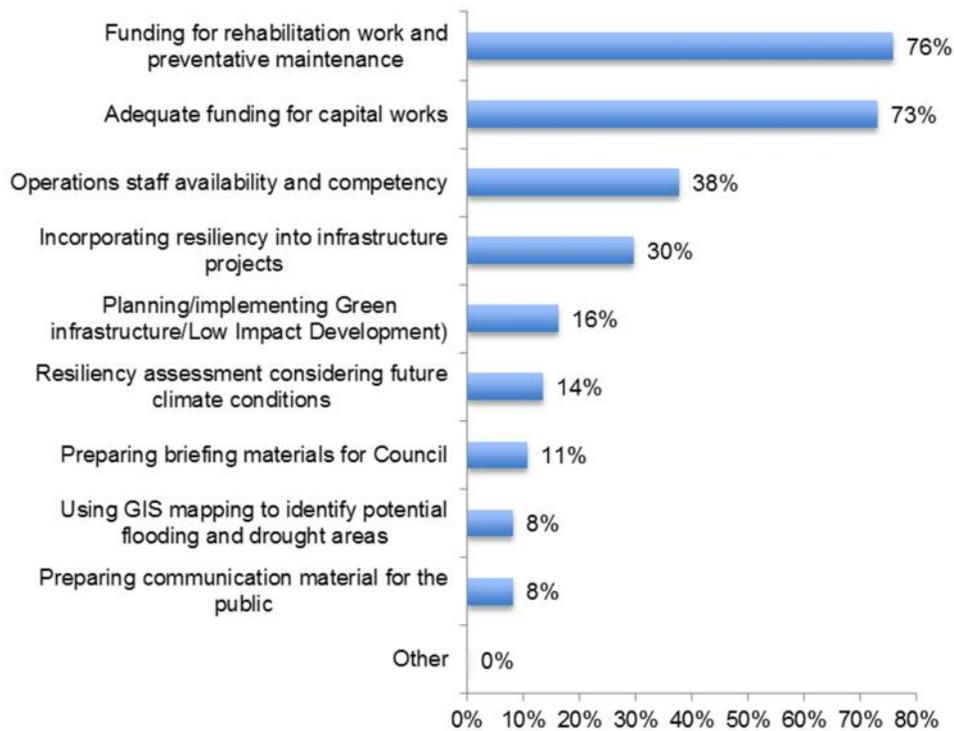


Figure: MUNICIPAL PRIORITIES RELATED TO SUSTAINABLE WASTEWATER AND STORMWATER

¹ WINA Report: *When the Bough Breaks: Helping Municipalities prioritize infrastructure investment to build resilient wastewater and stormwater systems*. (November 2014) Ontario Coalition for Sustainable Infrastructure.

Municipality's Priorities Regarding Sustainable Wastewater/Stormwater Infrastructure	Total	Smaller Comm. <20,000	Rural/Northern
	%	%	%
Funding for rehabilitation work and preventative maintenance	76	83	88
Adequate funding for capital works	73	75	67
Operations staff availability and competency	38	50	54
Incorporating resiliency into infrastructure projects	30	25	25
Planning/implementing Green infrastructure/Low Impact Development)	16	17	21
Resiliency assessment considering future climate conditions	14	0	4
Preparing briefing materials for Council	11	0	4
Preparing communication material for the public	8	8	4
Using GIS mapping to identify potential flooding and drought areas	8	8	4
Other	0	0	0

Reference: WINA Report: *When the Bough Breaks: Helping Municipalities prioritize infrastructure investment to build resilient wastewater and stormwater systems.* (November 2014) Ontario Coalition for Sustainable Infrastructure.

Support Asset Management Planning by Municipalities

Programs should support the priorities that have been identified by the municipality in their Asset Management Plan/Program. In the WINA Report, 68% of municipalities identified Asset Management Plans as a tool for prioritization. While only 64% of municipalities said they had an overall Integrated Asset Management Plan that includes wastewater, stormwater and drinking water, 88% of smaller communities (>20,000 population) indicated “yes”. This indicates a high success rate with the provincial funding to help smaller municipalities get started with their Asset Management Plans.

Asset Management Plans/Programs are a great tool for understanding your assets and planning for future sustainability of those assets and the services that they provide. Asset Management Plans need to be a living document and kept up-to-date as new information becomes available.

Many municipalities developed their first Asset Management Plan quickly, in order to meet the commitment for funding under the Province’s Municipal Infrastructure Strategy. The first iteration of Asset Management Plans focused on the age of assets, but we can’t afford to do it that way in the long term. More work is required in the development of tools to be able to build in criticality and condition assessment so the prioritization of projects is more in alignment with the risks the municipality are able to accept. For example, a municipality can plan to replace a section of watermain after x-years based on age, but a condition assessment could show that it is more cost-effective to replace the watermain earlier rather than repair it on a regular basis.

An Asset Management Plan needs to be adjusted on a yearly basis based on the work being done and more information becoming available. We need to look at more “real-time” Asset Management Planning rather than a quick fix.

Leadership by the Province

We encourage the province to take a leadership role in supporting infrastructure that communities cannot do on their own, such as delivering natural gas in areas that are currently underserved and enhancing and maintaining current highway systems. Economic development opportunities would benefit more than one individual municipality. As such, there is a role for the province.

We recommend that the Province continue, and build upon, the initial momentum achieved by its Municipal Infrastructure Strategy; for example, the Province could fund and support municipalities to enhance their Asset Management Plans to be an even more effective prioritization tool. This investment to support Asset Management Plans would be proactive in helping municipalities to budget effectively for sustainable and resilient systems.

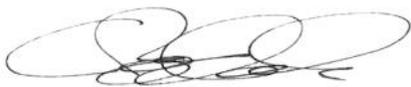
Another suggestion would be for municipalities to have more discretion as to how they apply their funding from the Province. For example, to hire a staff person to further develop and manage their Asset Management Plan. Under the current funding programs, the money must be spent on capital projects. However, one of the key challenges for municipalities is lack of internal resources to be able to carry out asset management. This would also increase employment in the province (another objective of MEDEI).

Connectivity Supports Economic Development

Municipalities support the improvements to transportation links that help connect them to the GTHA and other communities. This is a role that that province can make a significant difference for those communities outside the GTHA.

Thank you for the opportunity to participate in this important consultation process. If you have any questions, please contact our Executive Director, Darla Campbell, P.Eng. at 416 562 9082 or by e-mail at ExecutiveDirector@on-csi.ca. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Carl Bodimeade", written in a cursive style.

Carl Bodimeade, P.Eng.
Chair, Ontario Coalition for Sustainable Infrastructure