



PO Box 1749
Halifax, Nova Scotia
B3J 3A5, Canada

Item No. 5
Halifax Regional Council
May 11, 2010

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:

Altchurch

Jennifer Church, Managing Director, External & Corporate Affairs

DATE: April 23, 2010

SUBJECT: HRM Submission to Federal Standing Committee for Infrastructure, Cities and Communities

INFORMATION REPORT

ORIGIN

Request from the Federal Standing Committee for Infrastructure, Cities and Communities, asking municipal and provincial partners for submissions on the impact of the March 31, 2011 deadline for infrastructure stimulus projects.

BACKGROUND

The January 2009 federal budget announced a number of funding programs aimed at stimulating the economy and countering the impacts of the global recession in Canada. From a municipal perspective, the largest program was the infrastructure stimulus fund with \$4 billion for infrastructure projects, to be cost-shared by the relevant province and municipality/community. Because the fund was intended to quickly “get shovels in the ground” and stimulate the economy in the short-term, a deadline of March 31, 2011, was imposed for project completion. Originally the criteria stipulated that any project under this fund that was not complete by the deadline would have its federal funding clawed back. However after advocacy efforts by the FCM and affected municipalities, the government altered the criteria so that any projects not complete by the deadline will simply not receive further federal funding, but will still be allowed to keep whatever federal funds were invested up to that date.

The deadline has, however, continued to be a source of concern for many parties, and on March 23, 2010, the Liberal party introduced a motion at a meeting of the Standing Committee on Transport, Infrastructure and Communities, requesting that the Committee review the deadline and its impact on municipalities. The motion received all party support and MPs sent out requests to their respective municipalities asking for their input. The Committee is receiving formal submissions and plans to hold in-person consultations in the coming weeks.

DISCUSSION

Although the infrastructure stimulus fund was announced in January 2009, it took several months before any funding decisions were announced. In HRM's case, projects and funding were not confirmed until September 2009, meaning that most of the 2009 construction season was lost. Staff are focusing all efforts and energies on completing HRM's approved stimulus projects, however the standing committee's request for submissions represents an opportunity to highlight issues with the process which will hopefully be taken into consideration when future funding programs are designed. HRM's submission is attached here.

The Federation of Canadian Municipalities and UNSM are advocating for the federal government to show flexibility where project delays are caused by factors outside of municipal control. HRM supports this position and has included it in its submission. The submission also suggests considering the ability to shift stimulus funds between approved projects, as is the case with the Municipal Rural Infrastructure Fund (MRIF). Overall, the leading role municipalities played in the federal economic stimulus plan was the start of a stronger partnership, which HRM hopes to see continue as the stimulus fund winds down and we work to maintain core investments in infrastructure in the coming years.

BUDGET IMPLICATIONS

None

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ATTACHMENTS

HRM Submission to the Standing Committee on Transport, Infrastructure and Communities

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Anne Totten, Corporate Policy Analyst, 490-5623

Report Approved by:



Phil Townsend, Director of Infrastructure & Asset Management, 490-7166



**Submission to the Standing Committee on Transport,
Infrastructure & Communities:**

Impact of Infrastructure Stimulus Project Deadline

Submitted by:

Peter Kelly

Mayor

Halifax Regional Municipality

kellyp@halifax.ca

The economic stimulus funding for infrastructure announced by the federal government in January 2009 was an unprecedented opportunity for municipalities to access funding for projects in need. Municipal governments have few fiscal tools and little control over their cost drivers, which are largely determined by other levels of government, yet they are responsible for almost all of the basic services communities rely upon on a daily basis. HRM alone has an infrastructure gap of over \$2 billion, and we face significant pressure with respect to the condition of our infrastructure - both due to its age and the large and varied geographic areas HRM encompasses. The infrastructure stimulus funding not only allowed municipalities to undertake much-needed infrastructure renewal, but represents the first time municipalities have been equal partners with federal and provincial governments in funding discussions. This recognition of the importance of the municipal role has allowed governments to align their priorities and better leverage funding outcomes.

HRM has a strong partnership with its provincial and federal colleagues and kept them updated and informed on priority projects and applications for stimulus funding. Nevertheless, HRM did not receive approval for stimulus projects until September 2009 – too late in the year to take advantage of the full 2009 construction season. This has meant that almost all our infrastructure work must take place in the 2010 construction season. While HRM is focusing all its efforts on completing projects by the stimulus deadline of March 31, 2011, there are factors beyond our control that may impact our ability to meet that deadline for all projects. Availability of personnel and equipment to undertake the work may be an issue due to the short timeframes and the increased demand for such services. Much of the work may only be undertaken on a seasonal basis. Items such as land purchase and expropriation take time to complete, as well as planning approvals, particularly for some of the projects of a historical nature. Overall an additional few months allowing municipalities to take advantage of the 2011 construction season would be extremely helpful.

HRM advocates for flexibility in adhering to the March 31, 2011 deadline, which could be considered on a case-by-case basis by the federal government. However, another possible solution would be the ability to move funding between approved projects, allowing municipalities to focus on completing the most viable projects. This is done in other cost-shared funding programs such as the Municipal Rural Infrastructure Fund (MRIF), which has a streamlined process to handle and approve such changes.

In the longer-term, there are measures HRM would suggest to handle time-sensitive funding and avoid delays such as have been encountered with the stimulus funding:

- Ensure program criteria are clear and consistent nation-wide, and administered consistently
- Mandate that program details and processes be available 60 days after program creation and/or announcement, so that valuable time is not lost when planning for time-sensitive projects such as economic stimulus initiatives
- Move to program-based funding such as the Gas Tax Fund, rather than project-based funds, to ensure funding is reliable, sustainable and enables municipalities to make long-term financial plans.

HRM is proud of the open and collaborative working relationship that exists between it and the provincial and federal governments. There are several large infrastructure projects underway that are a result of the partnership between all three levels of government, such as the Central Library, Canada Games Centre and Ragged Lake Transit Centre. As the level of government closest to the citizen, municipalities are well-placed to advocate for local concerns and issues. HRM is pleased the federal government has recognized this by giving the municipal level a leading role in the economic stimulus plan and bringing in a new era of partnership. As the stimulus funding winds down and governments turn their focus to eliminating deficits, it is important to remember that communities will face ongoing infrastructure needs. Continued long-term investment is of paramount importance, and HRM was pleased to see the federal government maintain its commitment to core infrastructure funding in the 2010 budget.