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MEMBER COMMUNICATION

ALERT N°: 08/018

To the attention of the Clerk and Council
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Municipal Infrastructure Funding – Building Canada Fund

ALERT

Issue:

At its March 28, 2008 Board Meeting, the AMO Board of Directors passed a resolution calling on the federal and provincial governments to work together to make funding under the Building Canada Fund (BCF) available to Ontario municipalities as soon as possible.

Background:

The Building Canada Fund (BCF) is a seven-year \$8.8B national fund for infrastructure announced in the 2007 federal budget. The BCF is allocated to provinces and territories on a *per capita* basis, and includes a Major Infrastructure Component and a Communities Component. Ontario's share of the BCF is estimated at approximately \$3.1B. Matching criteria for both the Major Infrastructure and the Communities Component is anticipated to be on a 1/3 federal, 1/3 provincial, 1/3 municipal basis.

The Major Infrastructure Component of the BCF will be applied mostly to infrastructure of national significance, and is anticipated to be approximately \$2.8B in Ontario. Priorities for this fund are for "nationally significant" infrastructure, including water and wastewater, public transit, core national highways and green energy. Projects will be selected on a merit basis through a federal-provincial negotiation process. This component is for large scale or major projects. What constitutes a major project will be determined through federal-provincial negotiations.

The Communities Component is anticipated to be at least \$298M in Ontario. Federal terms and conditions require that this fund be dedicated to communities with populations of 100,000 residents or under. The Communities Component is the successor program to COMRIF. The Communities Component would potentially fund such projects as local roads and bridges, water and wastewater, and solid waste management. Subject to federal-provincial negotiations, it could potentially include additional project categories such as shortline rail and shipping, municipal airports and connectivity among others. Federal conditions require that this funding be application based.

To flow this funding in Ontario, the provincial and federal governments must negotiate and sign the Building Canada Framework Agreement which sets out obligations and responsibilities of both governments. To date, the federal government has signed six agreements with the provinces and territories:

- British Columbia
- Nova Scotia
- New Brunswick
- Newfoundland and Labrador
- Nunavut
- Northwest Territories



The Ontario and federal governments have been negotiating the agreement since last autumn and discussions were disrupted by the Ontario general election. It is understood that negotiations are still underway, but Ontario municipalities are in need of the funding for important local infrastructure works.

To urge the provincial and federal governments to work together to quickly conclude the agreement and flow funds to Ontario municipalities, the AMO Board of Directors passed the following resolution on March 28, 2008:

Whereas the Federal Government announced its intention to negotiate the Building Canada Framework Agreement with the Government of Ontario; and

Whereas the Building Canada Framework Agreement has funding components for municipalities of all sizes with \$3.1 billion earmarked for Ontario's municipal government; and

Whereas the federal government has signed six (6) of 13 framework agreements with Canada's other provincial and territorial governments; and

Whereas Canada and Ontario have been holding discussions on the Building Canada Framework Agreement since late last year;

Therefore be it resolved that the Governments of Canada and Ontario make a commitment to renewed, dedicated negotiations that will see a Building Canada Framework Agreement signed expeditiously so that Ontario's municipal governments can benefit from additional investment opportunities that a collaborative Canada-Ontario contribution agreement can bring to their significant infrastructure needs.

Action:

AMO has forwarded the resolution to the Canada and Ontario Ministers responsible for Infrastructure for their consideration.

Ontario municipalities are encouraged to endorse the resolution and forward it to their local Members of Parliament and Provincial Parliament as well as the Ministers of Infrastructure.

This information is available in the Policy Issues section of the AMO website at www.amo.on.ca.

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