MA-D9-1

UPDATE ON FEDERAL INFRASTRUCTURE FUNDING FROM MINISTER JOHN BAIRD AND FCM PRESIDENT BASIL STEWART

Dear colleagues and municipal leaders,

This past April, the Government of Canada and the Federation of Canadian Municipalities (FCM) sent an update to Canadian municipalities on the roll out of federal infrastructure stimulus funding.

The stimulus plan is picking up momentum, and all levels of government must continue to work together to keep that momentum growing. Part of that is making sure communications remain strong between federal, provincial/territorial and municipal stimulus partners.

We agreed that we want to ensure that Infrastructure Canada has an opportunity to let you know what's happened since then, and what the federal government is doing to put stimulus dollars to work as quickly as possible in cities and communities across the country. Please see attached for Infrastructure Canada's update.

LEGISLATIVE SERVICES		
COPY TO:		FOR:
Chair		Committee
CAO		
Corporate Services		Council
Environment, Transportation and Planning Services		Sept 10
Employee and Business Services		
Finance		
Health Services		File
Human Services		
Peel Living		

Sincerely,

Basil Stewart
President, FCM

The Honourable John Baird
Canada's Minister of Infrastructure

MISE À JOUR AU SUJET DES FONDS FÉDÉRAUX POUR LES INFRASTRUCTURES DU MINISTRE JOHN BAIRD ET DU PRÉSIDENT DE LA FCM, BASIL STEWART

Cher(ère)s collègues et élu(e)s municipaux,

En avril dernier, la Fédération canadienne des municipalités (FCM) et le gouvernement du Canada ont envoyé aux municipalités canadiennes une mise à jour sur le versement du financement fédéral de stimulation de l'infrastructure.

Le plan de stimulation de l'infrastructure accélère son rythme, et tous les paliers de gouvernement doivent continuer à collaborer afin de poursuivre sur la même lancée. Pour ce faire, on doit s'assurer que les communications demeurent solides entre le gouvernement fédéral, les gouvernements provinciaux et territoriaux et les administrations municipales.

Nous sommes en accord qu'il nous faut assurer qu'Infrastructure Canada ait la chance de vous informer de ce qui s'est fait et de ce que le gouvernement fédéral met en place pour que les fonds de stimulation aient des effets le plus rapidement possible dans les villes et les collectivités partout au pays. Veuillez consulter le document ci-joint pour prendre connaissance de la mise à jour d'Infrastructure Canada.

Veuillez agréer, Mesdames, Messieurs, nos salutations distinguées.

Le président de la FCM

Basil Stewart

Le ministre de l'Infrastructure du Canada

L'honorable John Baird

REFERRAL TO
RECOMMENDED
DIRECTION REQUIRED
RECEIPT RECOMMENDED ✓

MA-D9-2

CANADA'S ECONOMIC ACTION PLAN PLAN D'ACTION ÉCONOMIQUE DU CANADA

FEDERAL INFRASTRUCTURE FUNDING UPDATE

FCM's annual conference in Whistler last month was an opportunity for John Baird, Canada's Minister of Transport, Infrastructure and Communities and federal officials to talk directly with municipal leaders about stimulus funding.

Minister Baird informed delegates that thousands of municipal stimulus projects have been given the green light by the federal and provincial/territorial governments to go to tender and begin construction.

Hundreds of delegates also attended the government's information session to learn more about the regional roll-out of stimulus funding, the municipal loans program and the Recreational Infrastructure Canada (RINC) program.

The purpose of this update is to continue to provide municipalities with the most recent information on the stimulus plan.

INFRASTRUCTURE STIMULUS UNDERWAY

The Government of Canada's 2009 Economic Action Plan is a set of stimulus initiatives that are being implemented in record time, and includes almost $12 billion in new infrastructure stimulus funding over two years. To date, there is significant progress being made on initiatives such as:

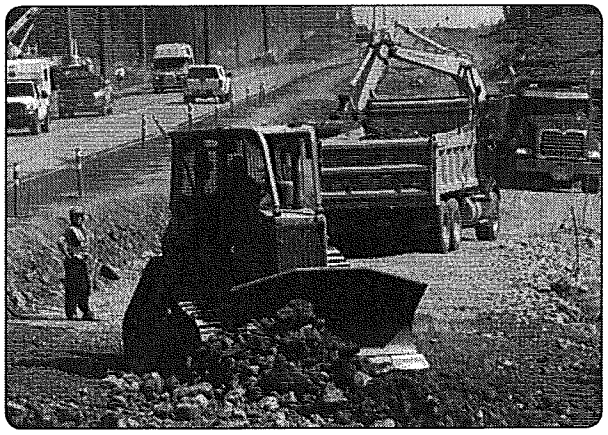
✓ The new Infrastructure Stimulus Fund

✓ An Accelerated Building Canada Fund

✓ An Accelerated Provincial/Territorial Base Fund

✓ The new Green Infrastructure Fund

✓ The Municipal Infrastructure Lending Program



On June 11, 2009, the Government of Canada provided a full update on the Economic Action Plan in its Second Report to Canadians, and will provide its Third Report to Canadians in September.

Canada

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INFRASTRUCTURE STIMULUS FUND

Canada's Economic Action Plan includes a new $4-billion Infrastructure Stimulus Fund (ISF):

✓ To date, the Government of Canada has committed about $2.8 billion of the $4-billion Infrastructure Stimulus Fund.

✓ To date, more than 1,700 infrastructure projects have been approved across Canada, which means they can proceed to tender and construction (In a small number of cases, proponents have been notified that some additional work may be required prior to them starting construction).

✓ As of June 6, 2009, about 60 per cent of the funds committed under the ISF are for municipal and community projects

✓ Regulatory and approval processes for infrastructure projects have been streamlined, and this spring the federal government launched a one page infrastructure funding application form for the ISF and the Accelerated Building Canada Fund.

IMPORTANT UPDATES:

In almost all cases, the Infrastructure Stimulus Fund money flows through agreements with provinces and territories, who in turn sign agreements with municipalities for the transfer of funds. **Once projects are announced under the Infrastructure Stimulus Fund, unless you are notified otherwise, this means that all federal approvals and environmental assessments are complete and project work can begin as soon as your province or territory has signed off.**

The Government of Canada is also advancing up to 30 per cent of this year's share of all eligible costs for stimulus projects to the provinces and territories. Provinces and territories should be providing these up-front funds as quickly as possible through their agreements with municipal governments. The rest of the federal funding flows as fast as the project is built and claims submitted. Provinces and territories submit expense claims quarterly to the Government of Canada for payment, which usually takes no more than 30 days. Canada provides funding within 30 days to the provinces and territories who are responsible for flowing funds to municipal governments to reimburse costs incurred.

In response to concerns identified by the FCM, the Government of Canada has made an important change with respect to the completion of projects under the Infrastructure Stimulus Fund. **Only projects that can be built by March 31, 2011 are eligible** and proponents must attest to this in their application. However, if a project is not completed by March 31, 2011, the federal government will no longer seek a repayment of its contribution paid to date, provided that the municipality commits to completing the project at their expense as soon as possible. **The federal government will pay its share of costs incurred up to March 31, 2011.** It will not provide any funding beyond this date. This addresses municipal concerns that failure to complete a stimulus project by that date would result in a 100 per cent claw-back of federal funding.

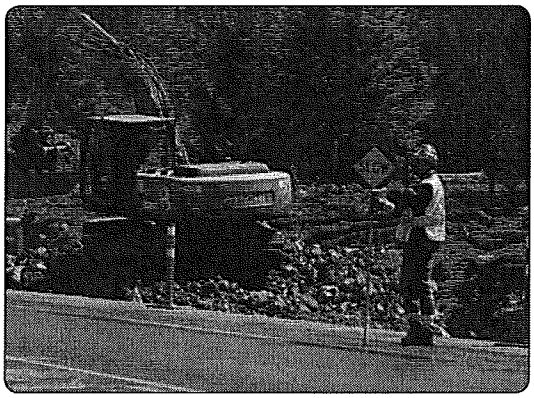
Project intakes vary by jurisdiction in order to avoid duplication and accelerate approvals. For example, in Ontario, there was a dedicated call, which resulted in 2,700 proposals, of which almost 1,200 were approved in just over one month. In British Columbia, existing programs

were used (Towns for Tomorrow and LocalMotion), and direct proposals were accepted from large cities. In other provinces, such as Alberta and Prince Edward Island, the Government of Canada is identifying two-year projects from applications to the Communities Component of the Building Canada Fund. In Québec, the Programme de renouvellement des conduites d'eau potable et d'eaux usées (PRECO) has been launched, providing $700 million in joint funding for sewer and water main repairs.

Further information on the ISF and all projects announced to date can be found at ***www.creatingjobs.gc.ca***. Canada will continue to communicate and advise municipalities and their associations of further intakes for municipal projects under the Infrastructure Stimulus Fund.

ACCELERATED BUILDING CANADA FUND

Canada's Economic Action Plan includes a strategy to accelerate spending from the 7-year Building Canada Fund (BCF).



- ✓ Since January 2009, the federal government has announced over $2 billion for 62 major infrastructure projects, and has now allocated 65% of the major project funding envelope..
- ✓ Examples include the Evergreen Line in Vancouver, Telus World of Science in Calgary and the Desjardins water treatment facility in Lévis.
- ✓ Since January 2009, over $1 billion in federal funding has been approved for over 1000 projects in smaller communities under 100,000 people, as part of the Communities Component.

COMMUNITIES COMPONENT OF THE BUILDING CANADA FUND

Canada's Economic Action Plan provides up to $500 million over two years to top up the $1.1-billion Communities Component of BCF, which provides targeted support to small communities that have unique infrastructure needs. To access this top-up, provinces and territories must use their original share of the Communities Component of the Building Canada Fund.

This initiative is progressing at rapid speed. Calls for proposals have now closed in all provinces except Quebec, which has a continuous intake. The top-up funding has been fully approved in seven of ten provinces, including Nova Scotia ($14 million for 38 projects); Manitoba ($18 million for 22 projects) Alberta ($52 million for 40 projects), Newfoundland and Labrador ($7.4 million for 18 projects), Prince Edward Island ($2.1 million for 1 project), Ontario ($194 million for 182 projects) and Saskatchewan ($15.1 million for 46 projects).

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PROVINCIAL/TERRITORIAL BASE FUND

In Canada's Economic Action Plan, the federal government is also accelerating infrastructure spending under the **Provincial/Territorial Base Fund.**

✓ Since January, the Government of Canada has transferred $430 million under the Provincial/ Territorial Base Fund to provinces for construction projects.

GREEN INFRASTRUCTURE FUND

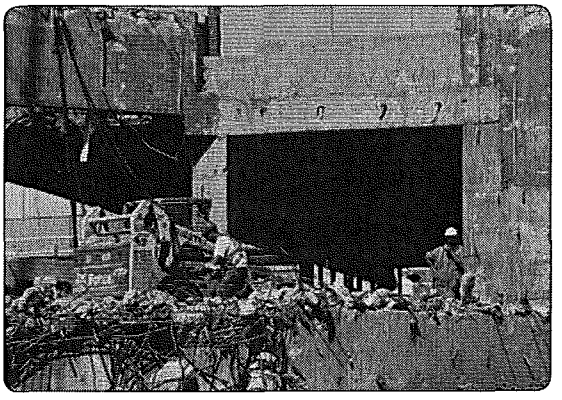
Canada's Economic Action Plan includes a new $1-billion Green Infrastructure Fund (GIF), which will provide $1 billion over five years to spend on green infrastructure that will improve the quality of the environment and lead to a more sustainable economy over the longer term.

✓ The Government of Canada officially launched the new Green Infrastructure Fund in May, and is contributing up to $71 million towards Yukon's Mayo B hydro and Carmacks-Stewart transmission project.

MUNICIPAL INFRASTRUCTURE LENDING PROGRAM

Canada's Economic Action Plan provides up to $2 billion in direct low-cost loans to municipalities, over two years, for housing-related infrastructure projects.

On June 8, 2009, the Government of Canada announced the first two cities to benefit from these loans:



✓ Saskatoon has been approved for more than $33 million to build a new water intake treatment plant and to develop new residential green space.

✓ North Battleford, Saskatchewan has been approved for $2.5 million for sewer replacement.

Applications and information can be found at ***http://www.cmhc-schl.gc.ca/.***

WORKING TOGETHER, AN UNPRECEDENTED INVESTMENT IN CANADA'S MUNICIPALITIES

Canada's Economic Action Plan recognizes the importance of infrastructure investments to respond to the current economic downturn.

Working together, we can go further faster and help ensure that Canada emerges from the global recession sooner than other countries and stronger than ever.

The Economic Action Plan recognizes that these infrastructure investments are a national partnership among all three levels of government and in particular, emphasizes the critical role municipalities can play in stimulating the economy.

Each has its part to play.

The Government of Canada has been working with its partners to quickly "green light" worthwhile infrastructure projects as fast as possible, and will work with provinces and territories to provide payment of eligible costs.

Provinces and territories must continue to move quickly to conclude funding arrangements with municipalities, and then submit claims to the Government of Canada for payment of eligible costs.

Municipal governments play a key role in economic recovery by issuing tenders and contracts quickly to complete projects by March 31, 2011.

The pace at which stimulus funding is being announced is unprecedented, especially in municipalities or local community-type projects that benefit municipalities. For example:

✓ As of June 6, 2009, about 60 per cent of the funds committed under the Infrastructure Stimulus Fund are for municipal and community projects.

✓ All of the $500 million for the Communities Component top-up will flow to communities with populations of less than 100,000.

✓ More than $17 billion or 54 per cent of the $33-billion Building Canada plan flows to municipal governments as transfers through the Gas Tax Fund and GST rebates. The federal Gas Tax Fund has doubled to $2 billion this year and the first payment was made three months earlier than usual.

✓ Municipalities are benefitting from other components of Building Canada. In addition to the $1.1 billion in the Communities Component of the Building Canada Fund, to date, 75 per cent of the funding announced for major projects under the Major Infrastructure Component is going to municipal and community projects.

Together, we can keep Canada's Economic Action Plan moving forward, creating jobs and investing in the foundations of our economy and quality of life.

We commit to continue to keep municipal governments informed on federal funding. If you have any questions, please contact your province or territory's infrastructure or municipal affairs departments, or contact Infrastructure Canada at 1 800 O Canada or at ***info@creatingjobs.gc.ca***.

For more information on federal infrastructure initiatives, please visit ***www.creatingjobs.gc.ca*** and ***www.actionplan.gc.ca***.

Speech by John Baird, Canada's Minister of Transport and Infrastructure, to the Federation of Canadian Municipalities' 72nd Annual Conference: ***http://www.creatingjobs-creerdesemplois.gc.ca/media/speeches-discours/2009/20090608whistler-eng.html***