

November 28, 2016

Attention: John Brodhead
The Honourable Amarjeet Sohi
Minister of Infrastructure and Communities
427 Laurier Avenue West
Ottawa, ON K1R 5C7

Dear Minister Sohi:

RE: Canada's Infrastructure – Phase 2 Investments

Further to the discussion that the members of the *Construction and Design Alliance of Ontario (CDAO)* had with your staff recently, we are writing to reiterate our key recommendations as your team prepares the Budget 2017 (Phase 2) Infrastructure Investment Strategy.

Funding Allocation:

CDAO believes that the Phase 2 funding stream should be allocated to the provinces on a per capita basis. We recognize that a per capita funding allocation may not work for every investment stream. Transit for example, is best funded based on a ridership evaluation. We also recognize that per capita funding allocation is challenged by the fact that the cost to build infrastructure varies across our country. However, we maintain that a (flexible) per capita model should be the primary method used for the allocation of funds across Canada.

From there, investment decisions should be made based on evidence. We believe that asset management plans should be a central tool used to promote evidence based decision-making. An evidenced based approach will help confirm that politically motivated infrastructure initiatives do not overshadow those substantive projects which will foster sustained economic growth.

Asset Management Planning:

CDAO believes that all funded projects must be underpinned by an asset management plan. These plans should include life-cycle analysis to guarantee projects do not become financial liabilities for municipalities. We are pleased to see that the government has been working with the *Federation of Canadian Municipalities* to improve the capacity of municipal officials to implement asset management plans. We believe that a standardized approach to asset management planning is needed to promote consistency and accountability. The federal government is well positioned to advocate for a clear national standard for asset management planning or to ensure that provincial/territorial governments are using an appropriate asset management filter.

Incrementality Funding Criteria:

We agree with provincial officials that the Phase 1 incrementality requirements are an impediment to the selection of priority projects. Other than plans of a national importance (e.g. airports, seaports), provincial and municipal governments are best able to determine which projects should be funded. Funding current ongoing projects can be of tremendous value. We therefore respectfully urge the government to remove the restrictions that preclude the funding of current and ongoing infrastructure projects.

We believe that the federal government should implement an outcomes based approach allowing provincial and municipal governments to identify the preferred projects for funding based on clear predetermined criteria. This approach would also enable provincial and municipal governments to strike the right balance between new investments for transformative change and investments in existing infrastructure assets to promote sustained growth.

Green Initiatives:

As infrastructure investment funds begin to flow, CDAO members feel that there should be a flexible approach to allow our industry to contribute to the broader *Greenhouse Gas (GHG)* reduction goals. For example, we would like to see the more sustainable use of excess soils, recycled materials and aggregates in all construction activities. The design of buildings and complex infrastructure projects is just one example of how our industry can promote innovative new “green” construction practices that are more sustainable. We encourage your team to consider how the Phase 2 investment funding model can promote innovation through greener construction and building practices.

Evaluating Economic, Environmental and Social Returns:

We share the government’s desire to ensure that these important infrastructure investments have the maximum social, environmental and economic returns. We encourage the government to allocate funds as quickly as possible. We certainly do not want to rush any projects, but far too often funds allocated are not fully spent. To maximize the impact of these investments, we therefore encourage your team to ensure that provincial and municipal governments spend their full allocation as quickly as possible.

Evaluating the social inclusion, GHG emission reductions and economic growth of these investments will be difficult. We therefore urge the government to develop a reporting structure that best allows stakeholders to understand the long-term “enabling” impacts of these infrastructure investments.

Clean Water & Waste Water Investments:

We are pleased to see that investments in clean water and waste water infrastructure remain a priority for your government. These investments often do not receive the same level of attention as other infrastructure investments such as public transit, but they are just as important to building our shared prosperity. Our association believes that we must encourage municipalities to move towards a full-cost pricing model for clean water and sewer infrastructure. Only under this pricing model will municipalities have the funds needed to make critical long-term investments in water and sewer infrastructure. A true full-cost pricing model also fosters greater accountability for end users allowing them to pay the true value of their usage without unfairly shifting the cost burden to other users.

Community Benefits:

CDAO supports the broad intentions of “community benefits”, but our experience with *the Eglinton-Scarborough Crosstown* project in Toronto has demonstrated that a flexible “on-the-ground” approach is needed. We can confirm that prescriptive targets with a penalty regime would be highly counterproductive. More discussion is needed to ensure that we effectively advance this element of “inclusive” economic growth. We therefore urge the government to move with care with respect to any “community benefit” initiatives linked to the Phase 2 program.

Proposed Infrastructure Bank:

We agree that the proposed Infrastructure Bank can be a catalyst for greater infrastructure investment, but we feel that more discussion is needed to understand how private capital and international pension funds can be involved.

The formation of this Bank must not diminish the need for all orders of governments to continue to invest in infrastructure. Further evaluation will be required as to how best practice models used by *Infrastructure Ontario* and *PPP Canada* can contribute to this new national agency, particularly with regard to the vision of the Bank as a “centre of excellence” for training and project evaluation.

Intergovernmental Decision-Making:

CDAO recommends that all three orders of government should be involved in all major infrastructure investment decisions. Past federal governments have at times sought to work around provincial governments. As this is a counterproductive approach, we therefore encourage all parties to work together.

A resource in Ontario:

Our members are eager to continue to be a resource to the government. We would be pleased to participate in any future roundtable discussions. We are also well-positioned to connect your team to the broader infrastructure, design and construction industry in Ontario. Please contact our CDAO Chair, Mr. Geoff Wilkinson by email: Geoff@orba.org or by telephone: [905-449-5762](tel:905-449-5762) to arrange future discussions.

Thank you for your consideration.

Sincerely,



Geoff Wilkinson, CDAO Chair,
Executive Director
Ontario Road Builders' Association (ORBA)

Richard Lyall, CDAO Vice Chair
President
Residential Construction Council of Ontario (RESCON)

Sharon Portelli, Executive Director and Registrar
Association of Registered Interior Designers of Ontario (ARIDO)

Bryan Tuckey, President
Building Industry and Land Development Association (BILD)

Barry Steinberg, Chief Executive Officer
Consulting Engineers of Ontario (CEO)

Stephen Coleman, Executive Vice President
Mechanical Contractors Association of Ontario (MCAO)

Kristi Doyle, Executive Director
Ontario Association of Architects (OAA)

Stephen Sell, President,
Ontario Electrical League (OEL)

Clive Thurston, President
Ontario General Contractors Association (OGCA)

Joe Vaccaro, Chief Operating Officer
Ontario Home Builders' Association (OHBA)

Giovanni Cautillo, Executive Director
Ontario Sewer & Watermain Contractors Association (OSWCA)

Sandro Perruzza, Chief Executive Officer
Ontario Society of Professional Engineers (OSPE)

Andy Manahan, Executive Director
**Residential and Civil Construction Alliance of Ontario
(RCCAO)**

Steven Ness, President
Surety Association of Canada (SAC)

About CDAO:

The *Construction Design Alliance of Ontario (CDAO)* is a not-for-profit organization comprised of 14 associations. All member associations have mandates related to Ontario's infrastructure. CDAO members meet approximately four to six times a year to share information and collaborate on issues and concerns that impact different member associations. By ensuring on-going dialogue between member associations, CDAO is well-positioned to provide all levels a government with a "one-stop" access point for information and discussion.

All CDAO member associations have the same goal - to ensure Ontario is a province of livable, marketable, sustainable communities and to ensure that Ontario is a province known for its leading-edge infrastructure and built environment projects.

Copy to:

Mr. Robert Asselin, Director of Policy, Office of Hon. Bill Morneau, Minister of Finance
Mr. David Black, Chief of Staff, Office of the Hon. Bob Chiarelli, Ontario Minister of Infrastructure
Mr. Saad Baig, Senior Policy Advisor, Office of Hon. Charles Sousa, Minister of Finance
Mr. Jean-François Tremblay, Deputy Minister, Infrastructure and Communities
Ms. Yazmine Laroche, Associate Deputy Minister, Infrastructure and Communities
Mr. Michael McNair, Director of Policy, Office of Rt. Hon. Justin Trudeau, Prime Minister
Mr. Jeff Moore, Assistant Deputy Minister, Infrastructure and Communities
Mr. Jason Pichelli, Director of Policy, Office of Hon. Liz Sandals, President of the Treasury Board
Mr. Gregory Seniuk, Senior Policy Advisor, Office of Premier Kathleen Wynne
Mr. Justin To, Deputy Director of Policy and Policy Advisor, Office of Rt. Hon. Justin Trudeau, Prime Minister
Mr. George Zegarac, Deputy Minister, Ontario Ministry of Infrastructure