David M. Sanders, M.A., LL.B.

June 25, 2014

Chair and Members
Executive Policy Committee
The City of Winnipeg
510 Main Street
Winnipeg MB

Re: Executive Policy Committee – 9:00 a.m. Wednesday, May 14, 2014

Item #3. – Building Canada Fund

I am appearing this morning as a private citizen, to speak briefly in opposition to the Building Canada Fund resolution.

I don't understand why this resolution has been proposed this morning on an emergency basis, for the purpose of obtaining Council approval a few hours from now. What is the rush?

Is this just a matter of wanting to appear to promise a chicken in every pot before the election?

In April, it was announced that Canada would allocate $467 million over the next 10 years ($46.7 million per year) to pay a maximum of one-third of the eligible costs of major infrastructure projects in Manitoba.

To obtain this federal funding, a proponent like the City of Winnipeg must prepare an initial proposal describing the project and providing estimated project costs, estimated eligible project costs, requests for federal funding, and any other funding sources (such as the Province). The program requirements are attached.

Proposals must be prioritized by the Province before they will be considered for federal funding.

In the 2014 Capital Budget, all of the transportation projects listed were given an equal capital priority rating of 3-4, except for the Waverley Underpass. Total project costs were estimated for only two projects, the Kenaston Boulevard/Route 90 Widening Project at $265 million and the Louise Bridge replacement at $100 million.

It seems to me that the City is not ready to submit proper proposals for many of these projects, and Council needs to consider their relative priority, and a reasonable plan for paying the City's share of the very substantial costs involved.

I think that the Winnipeg Public Service should be directed to bring forward specific project options and analyses for discussion at Council committees, before a priorized and well-supported package is developed for Council approval and presentation to the Province first, and then the federal government.

Thank you,

David M. Sanders, M.A., LL.B.
River Heights – Fort Garry

DMS/bm

Infrastructure Canada

New Building Canada Fund: Provincial-Territorial Infrastructure Component, National/Regional Projects
Initial Review Guide for Proposed Projects Identified by Provinces/Territories

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Initial Review Guide: Required Information

As stated above, the Initial Review is an assessment of basic eligibility requirements and alignment with the program objectives of the PTIC–NRP. The following sections outline the information required. Project proposals are expected to be no more than two pages of typed text, or a maximum of 1,000 words. Departmental officials will contact you should more information be required.

Proponent Eligibility

To be considered for federal funding under the PTIC–NRP, please provide information that will clearly identify your organization as one of the following, including evidence substantiating the incorporation of your legal entity where appropriate:

a. A province or territory, or a municipal or regional government established by or under provincial or territorial statute;
b. A band council within the meaning of section 2 of the *Indian Act*; or a government or authority established pursuant to a Self-Government Agreement or a Comprehensive Land Claim Agreement between Her Majesty the Queen in right of Canada and an aboriginal people of Canada, that has been approved, given effect and declared valid by federal legislation;
c. A public sector body that is established by or under provincial or territorial statute or by regulation or is wholly owned by a province, territory, municipal or regional government;
d. A public or not-for-profit institution that is directly or indirectly authorized, under the terms of provincial, territorial or federal statute, or Royal Charter, to deliver post-secondary courses or programs that lead to recognized and transferable post-secondary credentials, or a public or not-for-profit Aboriginal-controlled post-secondary institution; and
e. A private sector body, including for-profit organizations and not-for-profit organizations. In the case of for-profit organizations, they will need to be in partnership with one or more of the entities referred to above.

Please note:

- Federal entities, including federal Crown Corporations are not eligible recipients.
- A proposal for an on-reserve* project in a province under PTIC would be required to demonstrate project benefits extending beyond the reserve community.
    - *On-reserve means on-reserve lands, or on any Crown lands or lands set aside by the Crown that are designated to become reserve lands.

- All projects under PTIC would be considered for funding only if they are prioritized by a province or territory. Project proponents would accordingly be encouraged to communicate with provincial or territorial representatives to have their project considered for prioritization.

Project Description

Please provide a brief description of the project (maximum 500 words):

- The name of the project and the category and subcategory under which the proposed project falls — ***Please refer to Annex A for the full list of eligible investment categories and related subcategories***; and
- A brief description of the project, including project location, construction timelines, and whether the project is a new construction, renewal, rehabilitation or material enhancement of publicly or privately owned capital assets. These capital assets should be primarily for public use or benefit.

Provincial-Territorial Infrastructure Component Eligible Investment Categories

Through PTIC, Canada will support public infrastructure across 14 categories of investment.

- Highways and Major Roads
- Public Transit
- Disaster Mitigation Infrastructure
- Connectivity and Broadband
- Wastewater
- Green Energy
- Drinking Water
- Solid Waste Management
- Brownfield Redevelopment
- Local and Regional Airports
- Short-line Rail
- Short-sea Shipping
- Northern Infrastructure (Yukon, Northwest Territories, and Nunavut)
- Innovation

Project Financials

NOTE — For all projects with total eligible costs of $100 million: With the exception of projects where the private sector is the sole proponent, all projects with total eligible costs of $100 million or more will be required to submit additional information in order to assess the suitability of the project for a Public-Private Partnership (P3) procurement approach

Projects submitted for consideration **must** provide financial information and details of project costs as follows:

- Total estimated project costs;
- Total estimated eligible project costs;
- Request for federal funding under the PTIC–NRP, and value of any other federal funding; and
- Other sources of funding (if applicable).

Please refer to Annex B for the full list of eligible costs and cost-sharing provisions.

P3 Suitability Requirements

During the Initial Review stage, projects with total eligible costs of over $100 million will undergo a P3 Screen to assess their viability for P3 procurement. In order to assist in determining whether or not a proposed project that is subject to the P3 Screen is suitable for procurement as a P3, proponent proposals must include the NBCF P3 Screen Suitability Assessment questionnaire (***attached at Annex C with P3 guidelines***) in addition to providing the information outlined in this guide.

Once complete, the Suitability Assessment questionnaire will be submitted to Infrastructure Canada. Officials from PPP Canada Inc. will conduct a review of the completed questionnaire and may contact the project proponent for clarification, or to request additional information.

If it is determined that a project could be successfully delivered as a P3 and that a P3 will generate better value for money than a traditional procurement, federal funding will be made contingent on the project being procured as a P3.

Please note that Infrastructure Canada officials — and in the case of assessing P3 suitability, officials from PPP Canada Inc. — may seek clarification on the information provided for a given project submission and/or seek additional information, as required.

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Infrastructure Canada

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ANNEX B – ELIGIBLE COSTS AND COST-SHARING PROVISIONS

Eligible expenditures will include only the following:

a. The capital costs of acquiring, constructing or renovating a tangible asset, as defined and determined according to accounting principles generally accepted in Canada;
b. Expenditures directly associated with joint federal communication activities (press releases, press conferences, translation, etc.) and with project signage recognition set out in the Communication Protocol that will form part of the federal-provincial/territorial contribution agreement;
c. All planning (including plans and specifications) and assessment costs specified in the agreement such as the costs of environmental planning, surveying, engineering, architectural supervision, testing and management consulting services. Canada will contribute no more than 15% of its contribution to this cost;
d. The costs of engineering and environmental reviews, including environmental assessments and follow-up programs as defined in the *Canadian Environmental Assessment Act 2012* and the costs of remedial activities, mitigation measures and follow-up identified in any environmental assessment;
e. Costs of project-related signage, lighting, project markings and utility adjustments;
f. Costs of Aboriginal consultation;
g. Recipient audit and evaluation costs as specified in the agreement;
h. The incremental costs of the eligible or ultimate recipient's employees or leasing of equipment may be included as eligible expenditures under the following conditions:
    - The recipient is able to demonstrate that it is not economically feasible to tender a contract;
    - The employee or equipment is engaged directly in respect of the work that would have been the subject of the contract; and
    - The arrangement is approved in advance and in writing by Canada.

i. Leasing of equipment related to the construction of the project; and
j. Other costs that, in the opinion of Canada, are considered to be direct and necessary for the successful implementation of the Project and have been approved in writing prior to being incurred.

Note that while eligible expenditures become eligible as of the date of approval- in-principle, eligible expenditures can only be reimbursed to a recipient following the signing of a contribution agreement.

The following are deemed ineligible expenditures:

a. Expenditures incurred prior to the date of approval-in-principle as indicated in a letter to the recipient, as well as any and all expenditures related to contracts signed prior to the approval-in-principle date;
b. Expenditures incurred after the project completion date with the exception of expenditures related to audit and evaluation requirements pursuant to the agreement;
c. The expenditures related to developing a business case or proposal for funding;
d. The expenditures related to purchasing land, buildings and associated real estate and other fees;
e. Financing charges and interest payments on loans;
f. Leasing land, buildings, equipment and other facilities;
g. Furnishing and non-fixed assets which are not essential for the operation of the asset/project.
h. General repairs and maintenance of a project and related structures, unless they are part of a larger capital expansion project;
i. Services or works normally provided by the recipient, incurred in the course of implementation of the project, except those specified as eligible expenditures;
j. The expenditures related to any goods and services which are received through donations or in kind;
k. Any overhead costs, including salaries and other employment benefits of any employees of the recipient, its direct or indirect operating or administrative costs of ultimate recipients, and more specifically its costs related to planning, engineering, architecture, supervision, management and other activities normally carried out by its staff, except in accordance with Eligible Expenditure items c) and h);
l. Taxes for which the ultimate recipient is eligible for a tax rebate and all other costs eligible for rebates;
m. Legal fees.

Cost Sharing, Stacking and Limits to Federal Contribution

For projects located in provinces, the maximum federal contribution from all federal sources will be one-third (33.33%) of the total eligible costs of a project, with the following exceptions:

- For traditionally-procured projects in the Highways and Major Roads category where the asset is provincially-owned, and those in the Public Transit category, the maximum federal contribution from all federal sources will be fifty percent (50%) of the total eligible costs; and
- For all projects that are delivered as public-private partnerships or where the recipient is from the for-profit private sector, the maximum federal contribution from all federal sources will be twenty five percent (25%) of the total eligible costs.

For projects located in the territories, the maximum federal contribution from all federal sources will be three-quarters (75%) of the total eligible costs of a project, with the following exception:

- For all projects where the recipient is from the for-profit private sector, the maximum federal contribution from all federal sources will be twenty five percent (25%) of the total eligible costs.

Contributions to for-profit, private sector bodies through the PTIC will be considered only when these projects will be for public use or benefit. All proponents will be asked to demonstrate the broader public benefits of the project.

For projects advanced by a First Nations recipient, with regard to financial support that the First Nation receives from Aboriginal Affairs and Northern Development Canada (AANDC), only funding received from the First Nations Infrastructure Fund would be counted towards the federal stacking limits for PTIC. All other sources of funds the First Nation receives from AANDC would not count towards the stacking limits.

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