



Building Canada Plan Infrastructure Framework Agreement

On November 6th, 2007, BC and Canada signed an Infrastructure Framework Agreement. This is an overall agreement for the delivery of a number of infrastructure programs in BC over the period up to the federal 2013/14 fiscal year. It is the first Building Canada agreement to be reached between Canada and a province.

Overall Framework

The agreement provides basic fundamentals such as the components programs, financial

allocations, eligible recipients for funding, eligible expenses and the governance structures.

Financial Contributions

The Agreement deals with the allocation over \$2.2 billion - over the period until 2014.

The Building Canada Plan includes funding under the Base Funding Initiative, the Gas Tax Fund and the Building Canada Fund, the latter of which includes the Major Infrastructure component and the Communities component. The Framework Agreement allocations for each of these components are as follows:

Building Canada Fund (BCF)	\$1,040 million
Note that BCF includes the following two components:	
• Major Infrastructure Component, with a maximum allocation of \$929 million	
• Communities Component, with a minimum allocation of \$111 million	
Base Funding	\$ 175 million
Gas Tax (additional funding)	\$1,003 million
TOTAL ALLOCATION	\$2,218 million

What do the Funding Allocations mean for Local Government?

Gas Tax

The most substantial of the allocations for local government is the confirmation of over \$1 billion to flow to local governments and other

eligible recipients during the four-year extension for the period 2011 to 2014. UBCM speculated that the funding would be at this level but this is the first formal confirmation of this amount.

Please make copies of this Circular and distribute them to Council/Board Members and Staff

The Framework Agreement has high-level commitments to:

- support an amendment to the existing Canada-BC-UBCM Gas Tax Agreement to include the federal additional \$1 billion funding commitment.
- agreement to review the Canada-BC-UBCM Agreement following the 2009 national evaluations.

Community Component

This component is similar to recent local government infrastructure funding programs.

The allocation is a minimum of \$111 million federal funding, which was equal to the allocation under the Municipal Rural Infrastructure Fund (MRIF). The federal funding will not exceed the amount of matching provincial funding.

Local governments are eligible applicants but only those of less than 100,000 population.

Cost sharing for local government projects is basically a one-third federal contribution and one-third provincial and there is the usual "stacking" and maximum federal contribution provisions.

The eligible projects are broken into two categories:

- National priorities categories
 - Water Infrastructure
 - Wastewater Infrastructure
 - Public Transit Infrastructure
 - Core National Highway System Infrastructure
 - Green Energy Infrastructure
- Local and Community priority categories
 - Disaster Mitigation Infrastructure
 - Solid Waste Management Infrastructure
 - Brownfield Redevelopment Infrastructure
 - Cultural Infrastructure
 - Sports Infrastructure

- Connectivity and Broadband Infrastructure
- Local Road Infrastructure
- Short-line Rail Infrastructure
- Short Sea Shipping Infrastructure
- Tourism Infrastructure

To implement this portion of the Infrastructure Framework Agreement will require a separate agreement. No federal funds will flow until the last MRIF intake. UBCM understands the last intake to have closed at the end of January 2007.

Major Infrastructure

The bulk (90%) of the Building Canada Fund has been reserved for "Major Infrastructure" projects.

The eligible applicants do include local governments but also include provincial ministries and agencies and the private sector.

The Agreement suggests there is an expectation that the majority of funding will be directed to large projects and in the case of:

- national priorities, total eligible costs of the project are to be a minimum of \$35 million
- non-national priorities, total eligible costs of the project are to be a minimum of \$15 million

Federal funding towards a Major Infrastructure project will not exceed 50% for projects owned by public sector or not-for profit organizations and 25% for projects owned by the private sector. For projects involving local governments, there is an expectation that local governments would contribute a minimum of one-third funding.

The Federal minister alone approves funding provided by Canada for projects funded under the Major Infrastructure component. Two-thirds of the overall funding is for National priorities.

Base Funding

The Agreement provides \$25 million a year for 7 years for a total of \$175 million. This provision reflects the need to flow a floor level of funding to small provinces and territories but all provinces are eligible.

The Agreement does allow that local governments are eligible for these funds but also provincial ministries and agencies and the private sector. Eligible projects include all of the national priority categories and local and community priorities, including safety related rehabilitation under these priorities, as well as non-core national highway system infrastructure.

Governance Provisions

The Agreement provides that an Infrastructure Framework Committee be established between the federal and provincial governments. This would be much like recent provincial – Federal governance structures. Local government may be invited to participate as observers.

As identified above, a separate Community

Component Agreement is required to be negotiated. The Infrastructure Framework Agreement does state that a separate Management sub-committee will be established and that this sub-committee may include local government representatives.

The Preamble to the Agreement also talks of engaging municipal leaders and working with UBCM to address infrastructure needs.

Some Other Provisions

- 1% of each of the Major Infrastructure and Community Components funds will be set aside for funding for research, study, etc. and capacity building
- P3s must be considered as an option where federal funding under the Major Infrastructure component exceeds \$50 million
- BC is expected to complete within one year a BC Infrastructure Plan with a 10-15 year horizon and any projects it presents for funding under the Major Infrastructure component must be consistent with this Infrastructure Plan.

For full text of the Agreement go to:

<http://www.buildingcanada-chantierscanada.gc.ca/index-eng.html>