



MEMBER NOTICE

**TO: Mayor and Council
Chair and Regional District Board**

FROM: UBCM President Robert Hobson

DATE: September 14, 2009

RE: Delivery of Building Canada and Infrastructure Stimulus Funds

Background: Federal Budget 2009

Budget 2009 presented the federal government's plan to mitigate the impact of the global recession on Canadians. The centerpiece of the Budget was a strategy to stimulate the economy through increased and accelerated investments in infrastructure. One of the objectives stated by the federal government was that the funding would flow to "shovel ready" projects as quickly as possible in order to maximize the impact on the economy.

The largest source of new funding in Budget 2009 was the \$4 Billion Infrastructure Stimulus Fund. All projects under the Infrastructure Stimulus Fund must be completed prior to March 31, 2011. When combined with provincial matching funds, British Columbia's Infrastructure Stimulus Fund (based on a per capita amount) is worth an estimated \$1.04 Billion. In the lead-up to Budget 2009, Minister Baird indicated that he expected "the overwhelming majority of new infrastructure funding will be spent on municipal projects."

Budget 2009 also accelerated existing funding under the Building Canada Fund (to deliver 7 years of funding in 2) and provided an estimated \$65 million top-up in federal funding to the Communities Component in British Columbia (for communities with populations less than 100,000). The availability of the top-up funding is conditional on provincial matching funds and the full commitment of the original amount of Communities Component funding. All projects that receive top-up funding are also required to be complete prior to March 31, 2011. In addition, \$39 million was allocated for communities with populations greater than 100,000 under the Major Infrastructure Component of Building Canada.

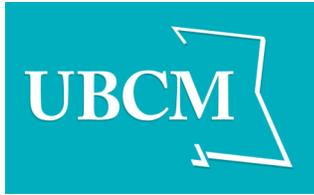
The delivery of the new and accelerated funding announced in federal Budget 2009 was contingent upon each province entering into an agreement with the federal government. As a result, the funding has rolled out in different ways and at different times in each province and territory. Delivery of Infrastructure Stimulus Funds and the Building Canada Fund is also dependent upon provinces matching federal investments. As a reflection of the importance of flowing the funding quickly, the federal government has indicated that Infrastructure Stimulus Funds will be subject to reallocation if the delivery of funding is slow or if the province is unable to match federal investments.

Status of Funding Delivery

- To date, about 25% of the estimated \$520 million in federal funding available to B.C. has been committed. Most of the commitments to date reflect provincial priorities.
- Project approvals representing half of the original funding for Building Canada were announced in March. Applications for the remaining funding have been received, but to date only one project has been approved for funding.
- Funding decisions under the Building Canada Major Infrastructure Component have been made, with most of the funding committed to provincial priorities, primarily highway improvements and TransLink system improvements.
- Infrastructure Canada has indicated that 8 out of 10 provinces have fully delivered both the accelerated and top-up portions of the Building Canada Communities Component. British Columbia is one of two provinces that have not yet delivered this funding.

Action

- UBCM has issued a province-wide news release (enclosed) expressing concern with these issues today. In addition, UBCM President Robert Hobson will be conducting several interviews with various media to put forward our view on these matters.
- UBCM anticipates that Mayors and Chairs will receive calls, and are providing this information as background for local discussions.



News Release

UBCM Concerned About the Slow Pace of Infrastructure Funding

BC one of only two provinces that has not fully delivered Building Canada funds.

For Immediate Release: September 14, 2009

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(Victoria, BC) The window is closing on the new funding for community infrastructure outlined in the 2009 Federal Budget. Robert Hobson, President of the Union of British Columbia Municipalities, came to this conclusion following a presentation by a senior official from Infrastructure Canada during a meeting of the Federation of Canadian Municipalities last week.

“BC communities have been waiting with their shovel ready projects for nearly eight months,” said Mr. Hobson. “If you look at what is happening in the other provinces, British Columbia is clearly falling behind in the delivery of Stimulus and Building Canada funding.”

The federal Budget 2009 included provisions to accelerate the Building Canada Communities Component (BC-CCF) program to deliver seven years of funding in two. Budget 2009 also provided a \$65 million top up to BC-CCF that was contingent upon matching funds from the Province of British Columbia. Eight of ten provinces have already disbursed 100% of the accelerated Building Canada funding and 100% of the top-up in their jurisdictions. British Columbia so far has committed only half of the accelerated funding and none of the \$65 million top-up.

Budget 2009 also introduced the Infrastructure Stimulus Fund, which will provide British Columbia an estimated \$1.04 billion in matched federal – provincial funding. UBCM estimates to date that less than 25% of the available funding has been committed for BC projects. In addition, most of the stimulus projects funded in BC thus far have flowed to provincial priorities. Nationally, about 60% of the funding approved has been for local projects.

“The funding which the federal government has made available to us will not be around indefinitely,” said President Hobson. “UBCM expects the province to keep pace with other jurisdictions so that local governments can access this funding for their communities. We have been told that the federal funds are ready to flow, but without matching provincial support, the money will go elsewhere.”