MEMO TO MEMBERS
August 10, 2012

TO: Mayor and Council, Chair and Board, Senior Staff

FROM: Union of BC Municipalities

RE: Long-term Infrastructure Plan (LTIP) and Gas Tax Permanency Discussions

Summary
Discussions are underway between UBCM and the federal and provincial governments with regard to the LTIP and the permanent Gas Tax Fund.

The BC infrastructure roundtable in July brought stakeholders together for a strategic discussion about the LTIP. President Slee attended and his comments were informed by a UBCM member survey, the highlights of which are set out below.

Staff officials are now preparing for in-depth discussions on the LTIP, the permanent Gas Tax Fund and the next iteration of a federal/provincial/local government infrastructure program.

Discussions will be informed by what we have already heard from local governments. UBCM will further engage members as needed, including initiating discussions with Tiers 2 and 3 members about Gas Tax program elements specific to those tiers.

LTIP
The July 3, 2012 BC infrastructure roundtable was part of a consultation process that will inform infrastructure programming after the 2014 expiry of the Building Canada Fund (BCF).

To prepare for these discussions, UBCM sought the views of its members through a survey. The survey built on existing UBCM policy, and President Slee was able to use the results as the cornerstone of his presentation to the roundtable.

Highlights of the survey results are set out below, with bolded text indicating key items addressed by President Slee at the roundtable. Given a very tight turn around time, we were pleased to receive responses from 57 local governments. While this is not likely statistically relevant, the responses were useful in the context of confirming existing policy and identifying emerging themes.

Key Policy Themes
In the survey, UBCM asserted four key policy themes based on existing policy:

- Infrastructure funding should be stable, predictable and long-term;
- The scope of infrastructure funding programs should be broad enough and with enough flexibility to meet the needs and priorities of all local governments;
- Programs should recognize the limited capacity of BC’s small and rural communities; and
- Processes should be streamlined with a minimum of bureaucracy.
The vast majority of survey respondents agreed with these themes, with 84% ranking all of them as “very significant” or “extremely significant”.

**SCOPE**

Responses to scope included:

- Support for eligibility for all local government infrastructure in a new program, including infrastructure currently eligible under BCF as well as additional categories (e.g., firehalls, affordable housing, tourism);
- In addition to broad scope, programs should allow local choice about which projects to fund (with some pointing to the Gas Tax Community Works Fund as a good model); and
- Several respondents said programs should find ways to support asset management and include funding for infrastructure rehabilitation and renewal, rather than just new infrastructure.

Accordingly, President Slee focused on an approach, building on a successful Gas Tax model, that includes dedicated funding for communities, eligibility for the full range of local government infrastructure, and with sufficient flexibility to provide some local choice about priorities.

**PUBLIC PRIVATE PARTNERSHIPS (P3)**

The membership has endorsed resolutions supporting continued public ownership of infrastructure, as well infrastructure programs that encourage private investment. These, when read in conjunction with UBCM general policies about maintaining local government discretion to determine local needs, would indicate a principle related to P3 along the following lines:

Programs should neither encourage nor discourage private infrastructure investment, thereby leaving the choice of the appropriate level of public and/or private investment in local infrastructure to individual local governments to determine in accordance with their unique community needs.

The survey responses indicated broad support for this approach, with 92% of respondents either “agreeing” or “strongly agreeing” with programs being neutral about P3.

**SUPPORTING SMALL/RURAL COMMUNITIES**

The survey asked how the needs of small and rural communities could be accommodated, with respondents suggesting a range of options (e.g., segregated funding, lower local contributions, broader scope; application assistance). Accordingly, President Slee expressed a need for infrastructure programs to recognize and accommodate the limited capacity of small and rural communities.

**NEXT STEPS**

Further LTIP discussions are expected in the coming months. We thank all those who participated in the survey, and we will continue to use the results as LTIP discussions unfold. In addition, we will keep the membership informed about progress, and seek additional input as needed during these discussions.

**Gas Tax Permanency**

**SENIOR STAFF OFFICIALS MEETING**

The federal government has chosen to engage in initial discussions about the permanent Gas Tax Fund in conjunction with the LTIP discussions.
Consequently, initial Gas Tax discussions will be part of a LTIP staff officials meeting later this month. That meeting will focus on program elements at a national level (e.g., program goals, scope, reporting, and administration), and is not expected to deal with BC specific elements (e.g., sub-programs and allocations amongst them).

Given this, UBCM will rely on existing policy and the LTIP survey results to inform our discussion at the meeting, and will bring the following types of local government perspectives to the table:

• overall, the Gas Tax program is working well and local governments want to maintain the existing approach which provides stable, predictable, long-term funding for local government infrastructure and that affords some local choice about which eligible projects to fund;
• a scope expansion to allow eligibility for a broader range of infrastructure projects may better meet local needs, and this may be particularly important for BC’s small and rural communities;
• some method of indexation is needed in order to avoid erosion of funding;
• it will be important to continue to ensure that accountabilities can be met in ways that recognize local government capacity (e.g., encourage things like asset management or other sustainability planning, rather than requiring these);
• unique features of the BC program need further discussion; while a mix between allocation based funding and pooled funding to support larger, regional or innovative projects is generally supported, we need to ensure we’ve got the right balance amongst these in all areas of BC.

**Next steps in member engagement**

**Program design at a national level**

The key points noted above were drawn from previous program evaluations, UBCM policy, and what we have heard from local governments. However, if you have additional insight into national level program design, we would like to hear from you. Contact Brant Felker (contact information below) to provide that input.

**BC specific program design**

We will keep the full membership updated on the progress of the permanent Gas Tax discussions, and will seek input on further detailed design elements from members as needed. We have heard that the Regionally Significant Projects fund for Tier 2 regions needs some further discussion. Consequently, we will be engaging in discussions specifically with Tier 2 members regarding those allocations. Similarly, input will also be sought from Metro Vancouver and its member municipalities about the pooling of funds for that region.

**Further Information**

More detailed results of the LTIP survey are available at:
http://tinyurl.com/8fhhuuk

For further information about the LTIP, please contact Brenda Gibson, General Manager, Victoria Operations, at bgibson@ubcm.ca or 250.356.0862

For further information about the permanent Gas Tax program, please contact Brant Felker, Gas Tax Program Manager, at bfelker@ubcm.ca or 250.356.0893

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