

Minister of Infrastructure
and Communities



Ministre de l'Infrastructure
et des Collectivités

Ottawa, Canada K1P 0B6

The Honourable Brad Duguid, M.P.P.
Minister of Economic Development, Employment and Infrastructure
Hearst Block
8th Floor
900 Bay St
Toronto ON M7A2E1

Dear Minister Duguid:

This letter is a follow up to our conversation on April 7th regarding the federal government's historic infrastructure investments outlined in Budget 2016. I am pleased to provide you with details regarding Infrastructure Canada's (INFC) new programs related to public transit, water and wastewater infrastructure that will be delivered via the provinces and territories. I am also pleased to inform you of improvements to the 2014 New Building Canada Fund (NBCF).

As I am sure you agree, infrastructure is not an end in itself – it is the means with which we build a more prosperous, inclusive and sustainable country. It goes beyond concrete and water pipes; it is what allows Canadians to get to work on time and return home to their families faster at night, it helps victims of domestic violence find shelter, and it provides facilities for kids to learn and build the networks that will support them throughout their lives.

The 2016 budget announced an infrastructure plan that commits to smart, strategic investments that will grow Canada's economy and improve the lives of Canadians. Our plan will focus on accelerating federal investments in the short term by providing funding for projects that rehabilitate and modernize public infrastructure. We will achieve this by working collaboratively with you and our municipal partners who are best placed to quickly identify their priorities for funding. We will flow funds rapidly to ensure that projects can begin immediately. We will also work in close partnership to reduce unnecessary administrative burden and streamline approvals.

The Government of Canada has introduced the \$3.4 billion Public Transit Infrastructure Fund (PTIF) and the \$2 billion Clean Water Wastewater Fund (CWWF) to encourage economic growth and support sustainable, livable communities. These initiatives will lay the groundwork for longer term, strategic investments in public transit and water/wastewater infrastructure that will keep pace with the rapid growth of Canadian cities.

Under these programs, we would like to encourage a focus on projects that promote innovation, optimization and rehabilitation of existing assets. These programs include new features based on feedback that we have received from many of our partners. We have increased the federal cost sharing and will now provide up to 50% of project eligible costs. Furthermore, project costs will be considered eligible as of April 1, 2016 so work can begin immediately. We will continue to

respect the existing accountability frameworks that all provinces and territories have in place to ensure appropriate oversight of all taxpayer dollars.

The Public Transit Infrastructure Fund (PTIF)

The PTIF will primarily support investments that meet immediate public priorities including: projects that improve the state of good repair of public transit, that support system optimization and efficiency, increase asset management capacity, and design and planning for future expansion of public transit systems. Effective use of innovative new technologies that can unlock improved environmental benefits and projects that advance improvements in safety and accessibility are also eligible. Projects for system expansion may be considered if they can be completed within the program timeframe. We all know that to grow transit ridership, a multitude of factors should be considered, and for that reason I would also encourage you to work with municipalities and transit agencies to promote targeted investments in active transportation.

The PTIF allocation for Ontario is \$1,486,680,000. The funding allocation is to be distributed so that each recognized transit system receives a minimum base amount of \$50,000 with the remainder of the funds to be distributed based on overall ridership of each transit system. (See Annex 1 for PTIF Allocation National Breakdown)

Clean Water Wastewater Fund (CWWF)

The CWWF will primarily focus investments on meeting immediate priorities for clean water and wastewater to support a cleaner and healthier environment for communities. These include:

- the rehabilitation and optimization of water, storm water, and wastewater related infrastructure;
- improvement of asset management approaches including studies and pilot projects;
- planning for future upgrades to wastewater treatment and collection infrastructure to meet applicable regulatory requirements; and
- new construction projects, including the construction of naturalized systems for management and treatment of wastewater and storm water may also be considered if they can be completed within the program timeframe.

The CWWF allocation for Ontario is \$569,642,062. (See Annex 2 for CWWF Allocation National Breakdown)

2014 New Building Canada Fund

In addition to these new programs, I am pleased to inform you that we have improved the 2014 New Building Canada Fund (NBCF) to provide provinces and territories greater flexibility to commit all remaining funding within the next two years (by March 2018). I have heard from you and many of your colleagues about your concerns with how the previous government designed the NBCF and as part of our commitment to ensuring the programs work for Canadians, we have made the following changes:

- Removal of the mandatory P3 screen across NBCF;
- Under the Provincial Territorial Infrastructure Component (PTIC):
 - Modifying the Highways and Roads category to reduce (PTIC-National Regional Program) or eliminate (PTIC-Small Communities Fund) minimum traffic volume

thresholds in order to reflect varying needs in provinces and communities across Canada;

- Adding five new categories, Tourism, Culture, Recreation, Passenger Ferries Services Infrastructure, and Civic Assets and Municipal Buildings;
- Adjusting specific cost sharing requirements for future projects delivered as P3s is removed so federal funding share can be higher (up to one-third or 50 % depending on the category);
- Aligning eligible cost for P3 projects with the P3 Canada Fund - this will eliminate administrative confusion;
- Adjusting the cost sharing for disaster mitigation projects – in recognition that a number of significant disaster mitigation assets in Canada are provincially owned, federal funding can now be up to 50%.

Budget 2016 also announced funding for local governments to support stronger stewardship through asset management planning activities and climate change resilience investments. The following two programs will be managed by the Federation of Canadian Municipalities to provide funding for capacity building directly to municipalities:

- \$50 million to increase municipal capacity for asset management, including funding to develop and implement infrastructure asset management planning practices and support more reliable and comprehensive data collection on infrastructure assets; and
- \$75 million to support enhanced municipal planning for climate change resilience, including funding to support municipal projects to identify and implement greenhouse gas reduction opportunities, assess local climate risks, and integrate climate change impacts into asset management planning practices.

Our government has placed a strong focus on outcomes and results. Through the new transit funding, we are aiming to improve the reliability, efficiency, safety and accessibility of public transit systems and support municipalities to plan and be better prepared for future system improvements. Under the new clean water and wastewater funding, we are seeking to improve the reliability of drinking water, wastewater and storm water systems and to encourage municipalities to have plans in place that include innovative approaches and that are aimed at meeting applicable water quality guidelines and wastewater regulations.

We are committed to publicly reporting on the progress under these programs to demonstrate we are achieving the results that Canadians expect and deserve. We will need to work together in order to provide timely reports to Canadians on the results achieved through our collective investments in infrastructure. For example, a priority under the new programs is extending the useful life of existing infrastructure assets. We plan to work collaboratively to ensure that we have an effective way to measure and report on this and other key outcomes and results of these programs.

Finally, as you know, our government is committed to accountability. This means that we need to ensure that federal funding is incremental to existing provincial, territorial and municipal planned investments. We will need to work together to develop appropriate measures for incrementality and report on how projects have been accelerated and investments have increased through these programs.

Our goal is to advance the PTIF and CWWF programs and continue our efforts under NBCF as quickly as possible so that these infrastructure investments can begin to contribute to economic growth and support sustainable, livable communities. It is clear that partnership will be key to our success and an efficient governance structure will have to be established to ensure adequate monitoring and robust communication between our respective organizations. As such, my officials will be in contact with your officials to establish next steps and launch discussions so that we may quickly conclude negotiations of the bilateral agreements.

I want to extend my appreciation to you for your continued support in the implementation of these initiatives. I look forward to our continued collaboration in support of infrastructure investments through these existing and new programs.

Yours sincerely,

A handwritten signature in blue ink that reads "A. Sohi". The letters are cursive and fluid.

Amarjeet Sohi, P.C., M.P.

Annex

Annex 1 PTIF Allocations

Province/ Territory	Ridership*	Allocation
Newfoundland and Labrador	3,027,498	\$4,940,000
Prince Edward Island	402,163	\$660,000
Nova Scotia	19,719,555	\$32,200,000
New Brunswick	5,353,913	\$8,740,000
Quebec	565,712,079	\$923,710,000
Ontario	910,488,752	\$1,486,680,000
Manitoba	50,733,295	\$82,840,000
Saskatchewan	17,760,942	\$29,000,000
Alberta	212,629,617	\$347,190,000
British Columbia	282,019,372	\$460,490,000
Yukon	546,496	\$890,000
Northwest Territories	196,427	\$320,000
TOTAL	2,068,590,109	\$3,377,660,000

*Taken from the CURA 2014 Fact book

Annex 2 CWWF Allocations

Province/ Territory	Base funding Allocation	Net Population percentage (%)	Per Capita Allocation	Total Funding
Newfoundland and Labrador	\$50,000,000	1.54%	\$20,600,134	\$70,600,134
Prince Edward Island	\$50,000,000	0.42%	\$5,654,677	\$55,654,677
Nova Scotia	\$50,000,000	2.76%	\$36,869,027	\$86,869,027
New Brunswick	\$50,000,000	2.20%	\$29,449,770	\$79,449,770
Quebec	\$50,000,000	23.47%	\$313,774,400	\$363,774,400
Ontario	\$50,000,000	38.87%	\$519,642,062	\$569,642,062
Manitoba	\$50,000,000	3.39%	\$45,250,782	\$95,250,782
Saskatchewan	\$50,000,000	2.94%	\$39,342,112	\$89,342,112
Alberta	\$50,000,000	10.98%	\$146,714,129	\$196,714,129
British Columbia	\$50,000,000	13.10%	\$175,067,721	\$225,067,721
Yukon	\$50,000,000	0.10%	\$1,390,275	\$51,390,275
Northwest Territories	\$50,000,000	0.13%	\$1,711,108	\$51,711,108
Nunavut	\$50,000,000	0.10%	\$1,336,803	\$51,336,803
Total	\$650,000,000	100.00%	\$1,336,803,000	\$1,986,803,000