



AUMA Submission:
*Alberta Infrastructure Act and 20
Year Capital Plan*

August 2020



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Introduction

The Alberta Urban Municipalities Association (AUMA) represents urban municipalities, including cities, towns, villages, summer villages and specialized municipalities – where over 85% of Albertans live. At AUMA, we work to ensure that everyone – at every level of government – understands that municipal governments are accountable to their citizens and are trusted to act in the best interests of their respective communities. Municipal leaders' function in closer proximity to Alberta's citizens, which helps make municipalities the most transparent order of government.

Municipal governments are intrinsically involved in the everyday lives of the people they serve. They guide and oversee the issues, programs and services that most directly impact the day-to-day lives of their citizens. When it comes to infrastructure, municipal governments are responsible for roughly 60 per cent of publicly owned infrastructure but receive just 10 per cent of every tax dollar. Municipalities maintain critical infrastructure such as roads, bridges, recreation centres, light railway systems, landfills and water and wastewater treatment plants. This infrastructure attracts industries and jobs and enhances the quality of life for all Albertans. Municipal leaders have long understood the importance of planning for future infrastructure needs and the complex process in prioritizing where capital investment is most needed. As per provincial regulations, municipalities must adopt, as a minimum standard, a written five-year capital plan in addition to a three-year operating budget. The municipal capital plan must be reviewed by council annually.

Our submission consists of two parts: 1) high-level themes and areas that municipalities want to see in the infrastructure plan, and 2) AUMA's responses to the infrastructure planning survey.

Municipal Collaboration and Engagement

AUMA strongly believes municipal and provincial governments must work together to plan for Alberta's infrastructure. We believe that consultation with municipalities is a must in identifying and prioritizing infrastructure investment projects; an example that could benefit from better engagement is school site procurement. AUMA believes that relevant provincial ministries should develop the necessary policy and procedures to ensure early and fulsome engagement with municipalities. Proper communication with municipalities will help identify what issues municipalities may need to address in developing school sites and surrounding areas in a manner that does not burden local taxpayers.

In the survey, the Government of Alberta has identified several trends that should be considered in planning for Alberta's infrastructure needs. For example, globalization and international trade, shared economy, private funding and participation in public infrastructure, etc. AUMA believes ongoing engagement with municipalities in these areas will yield the best results as these trends are constantly changing, and the impact of these trends are inter-jurisdictional.

The Alberta Infrastructure Act and the 20-Year Strategic Capital Plan should set a path for municipal and provincial governments to work together to serve the needs of Albertans. AUMA proposes that municipal engagement becomes a formalized process during the development of the Alberta Infrastructure Act and the 20-Year Strategic Capital Plan. An opportunity to engage AUMA early and often will enable municipalities to plan and coordinate better with provincial priorities and optimize infrastructure investment value.

Broadband Internet

There are several survey questions related to technology, connectivity, virtual service delivery, and broadband internet. Improving internet access, especially for small and remote communities, is a longstanding priority of AUMA. The COVID-19 crisis has further demonstrated that broadband internet is becoming an essential service for all Albertans. A reliable and fast connection has allowed many Albertans to work from home and, at the same time, connect with family and friends during the time of physical distancing.

For many municipalities, broadband internet is about economic development and community sustainability, as it allows Albertans to continue living in their preferred community and work remotely. Alberta is becoming an emerging destination for many technology companies. Having broadband internet in all communities will incentivize business attraction, relocation and directly creating local jobs in many small and rural communities.

AUMA urges the Government of Alberta to partner with the federal government and telecommunication companies, when applicable, to support municipalities in ensuring affordable development of high speed (100 Mbps and faster) network infrastructure across Alberta.

Local Government Fiscal Framework

With the limitations of the property tax system, municipalities only collect 10 cents of every Canadian tax dollar and therefore, are highly reliant on other orders of government to share the costs of high-priced community infrastructure. Moving forward, municipalities need provincial funding to be more predictable, especially given the update to the *Municipal Government Act* that requires municipalities to approve three-year operating and five-year capital budgets.

AUMA appreciates that the Government of Alberta has legislated a new Local Government Fiscal Framework (LGFF), which is linked to provincial revenue. Regrettably, when the program is introduced in 2022, the annual funding will be much less than past years and will only grow at half the rate of provincial revenue. This will present major challenges for municipalities in the future as the funding will not keep pace with the long-term needs of communities.

AUMA urges the provincial government to:

- Increase the 2022 funding amount to align with historic levels;
- Remove the 50 per cent growth restriction so that the funding keeps pace with the economy and local community needs;
- Increase the \$100 million exemption limit to simplify and improve predictability;
- Legislate the LGFF operating component; and
- Require that the *Local Government Fiscal Framework Act* be reviewed in 10 years.

As the provincial government moves forward with the LGFF implementation, AUMA wants to be a partner in designing the allocation framework. We believe that the core principles should consider:

- Transparency and simplicity;
- A balance of predictability and stability in funding with responsiveness to changing needs in municipalities;
- Equitable funding for all municipalities; and
- Neutral to local decision-making.

AUMA's Feedback – Survey on Infrastructure Plan

Government of Alberta Questions	AUMA Comments
<p>Capital Planning Governance</p> <p>What would you like to see legislated in regards to how the province develops the Capital Plan?</p>	<p>AUMA members have voiced concerns in the past regarding the unclear criteria for prioritizing and evaluating capital projects. Having legislated set criteria will ensure that all stakeholders understand how decisions are made.</p> <p>In addition to the proposed capital planning criteria, we believe that the <i>Alberta Infrastructure Act</i> and the 20-Year Strategic Capital Plan should legislate that municipalities be consulted on infrastructure projects that occur within their boundaries. This would allow communities to advocate for projects that align with their priorities and enable municipalities to plan and coordinate better with the provincial priorities.</p>
<p>Capital Planning Project Prioritization</p>	<p>AUMA believes that all proposed criteria have merits in determining capital projects, and individuals may value them differently.</p> <p>It is important the provincial government consistently apply these criteria to potential infrastructure projects and be transparent about how the decisions are made. The provincial government should also make the evaluation outcomes available to the public for information.</p>
<p>20-Year Strategic Capital Plan</p>	
<p><u>Aging population and workforce:</u> The proportion of the population over 65 is increasing as life expectancy lengthens. To what extent should this trend be incorporated in Alberta's infrastructure planning over the next 20 years?</p>	<p>AUMA wants to see non-profit housing organizations, foundations, authorities, and other similar entities be allowed to borrow directly from the Alberta Capital Finance Authority to address affordable housing pressures for seniors and other vulnerable groups.</p>
<p><u>The sharing economy:</u> There is an increasing interest from individuals to rent or borrow goods rather than buy and own them. Alberta's future facilities should be built with flexibility and adaptability in mind to ensure that spaces can be shared and used optimally and innovatively.</p>	<p>AUMA believes that it is vital for the provincial government to recognize municipalities' roles and responsibilities and engage municipalities when it comes to future trends.</p>
<p><u>Health and safety of aging infrastructure:</u> Globally, there is a rise of health and safety concerns around aging and inadequate infrastructure. To what extent should this trend be incorporated in Alberta's infrastructure planning over the next 20 years?</p>	<p>AUMA is a strong advocate for adequate, predictable, and stable funding to address municipal infrastructure deficits.</p> <p>The Government of Alberta should ensure adequate funding for the provincial infrastructure</p>

Government of Alberta Questions	AUMA Comments
	<p>deficit to provide a level of service that addresses the province’s long-term infrastructure needs.</p> <p>AUMA also believes any strategic capital plan needs to encourage and incent the development and utilization of asset management systems programs. Asset management will ensure the adequate and timely maintenance of infrastructure to lessen the need for expensive replacement.</p>
<p><u>Increased funding pressure and financing gaps for infrastructure:</u> Globally, the amount of funding required to provide adequate infrastructure far outweighs current funding projections. There is a growing need to fill these funding gaps and increase investment in infrastructure.</p>	<p>AUMA has advocated that municipalities participate in the development of bilateral agreements for federal infrastructure funding. Opportunities for partnership between federal and provincial governments should take into account the municipal perspective to ensure local priorities are reflected in any future funding decisions.</p> <p>Asset management systems and programs will reduce costs and ensure existing infrastructure is better maintained.</p>
<p><u>Increased role of private funding and participation in public infrastructure:</u> Historically, governments were the exclusive providers of public infrastructure. Due to financial crisis, lower tax revenues and high expenditures, governments are increasingly working with the private sector to fund infrastructure investments.</p>	<p>AUMA believes that it is vital for the provincial government to recognize municipalities’ roles and responsibilities and engage municipalities when it comes to future trends.</p> <p>In AUMA’s 2019 Red Tape Reduction Submission to the provincial government, AUMA recommended the province explore the use of the Alternative Service Delivery (ASD) model in order to find efficiencies. There are already several areas where ADS partnerships exist between the provincial government and AUMA, and we welcome more opportunities to partner with the province on using ASD in building public infrastructure.</p>
<p><u>Bigger, more complex projects:</u> As projects increase in size and complexity, they become inherently more demanding to deliver. The need for cooperation between many partners and collaborators can create opportunities and challenges for successful project completion.</p>	<p>AUMA has advocated that municipalities participate in the development of bilateral agreements for federal infrastructure funding. Opportunities for partnership between federal and provincial governments should take into account the municipal perspective to ensure local priorities are reflected in any future funding decisions.</p>
<p><u>Demographic shifts:</u> There are growing gaps in economic opportunity and access to services in various demographics such as populations living in urban or rural areas or on reserve or off reserve.</p>	<p>AUMA has advocated for the expansion of broadband internet in Alberta. This is one tool that could help to address the demographic shifts occurring in parts of the province.</p>

Government of Alberta Questions	AUMA Comments
<p><u>Technology:</u> There will be a multitude of technological advances in the next 20 years. These advancements may result in new or evolved building materials and properties that outperform conventional materials. Examples include smart technology and connectivity, 3D printing, artificial intelligence, digitization, onsite collaboration apps, and nanotechnology.</p>	<p>AUMA has advocated that provincial investment in broadband internet is key to ensuring the province can participate in emerging economic sectors.</p>
<p><u>Virtual service delivery:</u> Citizens are increasingly able to access government information and services online. Broadband accessibility, data security, and privacy are important for government to maintain while shifting from in-person to online services. As capabilities grow, government may use new tools and platforms to optimize processes, make data-driven decisions in real time, and design new products, services, and business models.</p>	<p>AUMA understands virtual access and services will become more essential in the future; however, AUMA believes virtual service delivery will not be possible without proper broadband in many small communities. AUMA asks the provincial government to invest in broadband technology as the first step and maintain some in-person services to serve citizens who are not comfortable or unable to use virtual services and programs.</p> <p>AUMA also would recommend that any development of virtual service delivery will take into consideration the financial sustainability of Alberta Registry Agents in many small communities. These offices offer essential professional services and are necessary to aging Albertans with distance restricted driver's licenses or with no ability to use the internet to conduct business.</p>
<p><u>Improvements in building sustainability:</u> We are seeing innovative approaches developed to improve the sustainability and cost-effectiveness of our infrastructure, such as building with new materials, changing energy sources, and the rise of the circular economy.</p>	<p>AUMA recognizes that sustainable buildings and infrastructure significantly decrease operating costs and improves community resilience to extreme weather events. AUMA supports development of new sustainable buildings and infrastructure, in combination with deep retrofits, installation of on-site renewables, fuel switching and recommissioning in existing buildings.</p> <p>We are well positioned to serve as a trusted partner with the Government of Alberta through the Municipal Climate Change Action Centre (MCCAC). MCCAC is a partnership between Alberta's municipal associations and the provincial government. It has seen tremendous success in the last ten years. This partnership model is well suited to planning for and implementing sustainable infrastructure elements.</p>
<p><u>Increasing need for resilient infrastructure:</u> Infrastructure is a long-term investment that must be built to withstand decades of use, change, and natural elements. We also need to design infrastructure in a way that allows Alberta to respond effectively to emergencies.</p>	<p>AUMA recognizes that the intersection of climate-induced natural hazards (e.g. wildfires, floods and extreme storm events), and crisis events with infrastructure is complex. AUMA is supportive of activities that harmonize the implementation of climate change adaptation and mitigation</p>

Government of Alberta Questions	AUMA Comments
	<p>measures, while generating a range of economic, social and environmental benefits (e.g. cost-savings, economic development, improved health and quality of life).</p> <p>We are well positioned to help the Government of Alberta through the Municipal Climate Change Action Centre (MCCAC), by assisting municipalities in development of local climate action and adaptation plans and implementing financial supports for capital projects in collaboration with municipalities.</p>
<p><u>Globalization and international trade:</u> Infrastructure players (government, investors, developers, etc.) are increasingly expanding their global networks to seek ways to attract investment, lower costs, improve accessibility, and increase the value of infrastructure through competition and innovation.</p> <p>To what extent should this trend be incorporated in Alberta’s infrastructure planning over the next 20 years?</p>	<p>AUMA believes that it is vital for the provincial government to recognize municipalities’ roles and responsibilities and engage municipalities when it comes to future trends.</p>

Conclusion

Alberta municipalities have an enduring partnership with the Government of Alberta that recognizes our shared responsibility to fund the infrastructure that Albertans rely on to maintain economically, environmentally, and socially resilient communities. AUMA looks forward to future partnerships with the provincial government on infrastructure planning.