

# Alberta Infrastructure Act Consultation

## City of Edmonton Submission

### Recommendation

That the Mayor, on behalf of City Council, provide a written submission to the Province's *Alberta Infrastructure Act* and 20-Year Strategic Capital Plan consultation, using the principles outlined in the July 6, 2020, Communications and Engagement report CR\_8410, as the basis.

### Executive Summary

This report outlines high-level principles as the basis for the City's submission to the Government of Alberta's infrastructure planning consultation. The provincial consultation was announced on June 22, 2020 and closes on August 10, 2020.

### Report

Infrastructure is essential to all residents and businesses in the City of Edmonton and critical to the competitiveness of the economy, the quality of life citizens enjoy, and the delivery of public services. The ability to build and maintain infrastructure assets ensures Edmonton can provide services and remain an attractive and cost-effective place to live, work and do business.

### Government of Alberta - Infrastructure Act Consultation

On June 22, 2020, the Government of Alberta launched a consultation to gather feedback on infrastructure planning across the province. The consultation feedback will assist the government in developing the *Alberta Infrastructure Act*, which will outline how the provincial government will plan for and prioritize capital spending. The feedback will also help inform the development of a 20-Year Strategic Capital Plan, which will guide the government's approach to long-term planning for infrastructure. Feedback can be provided either by responding to the province's survey or through a written submission.

The Province shared the following criteria which could be weighted and could guide the government's decision-making on individual project funding requests, including new builds and capital maintenance and renewal projects:

- health, safety, and compliance with federal or provincial legislation;
- strategic alignment with provincial strategic plans and government priorities;
- economic impacts through job creation or economic development;

- improved program and services delivery in a community or region;
- support resilient infrastructure and communities, and
- life cycle costs and return on investment.

The City of Edmonton has an opportunity to provide input into the provincial government's capital infrastructure planning process and reinforce the need for collaboration and alignment with local and regional strategic plans in the Province's long-term planning and decision-making.

### **City of Edmonton - Proposed Principles for Infrastructure Funding**

If approved by Council, the following principles are proposed as the basis of a written submission to the Government of Alberta:

#### **1. Municipal Engagement**

As the Government of Alberta develops a framework for identifying and prioritizing infrastructure investment projects, it is essential that municipalities are engaged in this process. As an economic powerhouse Edmonton can provide unique perspectives on how provincial infrastructure affects our residents, businesses and opportunities for economic development.

Consultation with large municipalities, in addition to the municipal associations, should be required as part of the establishment of the infrastructure planning framework and any criteria to be implemented for infrastructure investment. This requirement for municipal engagement should be embedded in the proposed legislation. A collaborative and coordinated approach between the municipal and provincial governments can better support citizen-focused solutions that serve the needs of Albertans.

#### **2. Strategic Alignment**

Alignment of provincial infrastructure investment decisions with municipal capital plans, budgeting cycles and priorities will ensure that the municipalities have the capacity to support projects in the most efficient way. It will also ensure that municipalities are properly prepared to service provincial infrastructure assets in the communities.

The need for alignment of capital plans is particularly true for big cities - given the scale and scope of their infrastructure assets and the size of cities' economies - as well as municipalities that serve as hubs for economic activities and social services within their metropolitan region.

City Council makes infrastructure decisions using a strategic framework that is based on Edmonton's long-term strategic plan, ConnectEdmonton, and the City Plan which sets the stage for long-term community investment. The framework

is used to develop the City's capital budgets and assist City Council in making decisions about how to allocate City resources for building, renewing and maintaining Edmonton's infrastructure, while also supporting the City's ability to provide continuous, high-quality services to residents and businesses alike.

Sustainability is a key theme underlying all of the City's strategic goals and corporate outcomes. This includes ensuring that infrastructure assets are socio-culturally, environmentally and economically sustainable into the long-term and investment opportunities align with capital maintenance and renewal as well as growth planning objectives at the local and regional levels. Given Edmonton's role as a hub for its surrounding municipalities, a degree of specificity regarding regional infrastructure into long term plans would be very helpful. The infrastructure plan should also consider the age and maintenance of infrastructure and commit appropriate amounts to renewal and maintenance, including the flexibility for municipalities to use provincial funds at their discretion in this regard.

### 3. Economic Development

Public capital, consisting of mass transit, roads, bridges, sewer systems, and water treatment facilities, among other public infrastructure assets, constitutes a vital input for private-sector production. While the direct benefits of infrastructure investment occur principally in job creation, indirect economic impacts associated with any infrastructure investment promote economic growth and productivity.

As an economic driver in municipalities across Alberta, long-term infrastructure funding should continue to play an important role in creating jobs and stimulating the local and regional economies.

In order to maximize economic benefits, any future infrastructure funding should take into account timing and amount of emerging funding from other orders of governments in order to be able to leverage those opportunities.

### 4. Fair and Equitable

Infrastructure funding should ensure that the delivery and any cost-sharing formulas does not create an unfair burden on municipalities or other partners. This could be achieved through development of an infrastructure funding formula that is based on a transparent and mutually accepted allocation formula that takes into account factors such as population, kilometres of road, services per capita, distance, accessibility to services and economic contribution. Any infrastructure funding formula should also take into account costs associated with the asset build as well as the associated asset life-cycle costs.

In addition, long-term infrastructure planning should promote equitable development at the local and regional levels across the province and should not unfairly burden local ratepayers.

5. Responsive

The Province’s infrastructure planning framework should take into account changing economic and social conditions, and the unique needs of different communities and the diversity of those that live within them, while providing the right balance between immediate stimulus needs and longer-term public policy goals. The framework should also be agile to take advantage of any opportunities that shifts in environmental, economic, demographic and social conditions, innovation and technological developments in infrastructure may present. Given the long-term nature of infrastructure plans, flexibility in these plans will ensure that priorities and decisions can be adjusted to achieve the desired outcomes in light of changing external factors.

**Next Steps**

Subject to City Council approval, Administration will work with the Office of the Mayor to draft a submission outlining Edmonton’s principles-based input into the Government of Alberta’s infrastructure planning consultation.

The *Alberta Infrastructure Act* is expected to be introduced in the fall 2020 legislative session, while the 20-Year Strategic Capital Plan is expected to be released by early 2021.

**Public Engagement**

As this is a provincial consultation, City Administration did not engage with the public. Edmontonians who wish to provide input to the consultation can visit the Government of Alberta website to complete the survey or make a written submission to the Province by the deadline of August 10, 2020.

**Corporate Outcomes and Performance Management**

<b>Corporate Outcome(s): The City of Edmonton has a resilient financial position.</b>			
<b>Outcome(s)</b>	<b>Measure(s)</b>	<b>Result(s)</b>	<b>Target(s)</b>
The City of Edmonton has a resilient financial position	City Asset Sustainability (actual expenditure on capital infrastructure divided by required expenditure)	0.94 (2017)	1.00 (2018)

<b>Corporate Outcome(s): The City of Edmonton has sustainable and accessible infrastructure.</b>			
<b>Outcome(s)</b>	<b>Measure(s)</b>	<b>Result(s)</b>	<b>Target(s)</b>
The City of Edmonton has an equitable share of funding from other orders of government to provide infrastructure and services that benefit the region and Alberta	Operating transfers from other orders of government as a % of tax-supported operating expenses	3.73% (2018) 3.64% (2017) 3.98% (2016)	There is no target for transfers from other orders of government
	Operating transfers from other orders of government as a % of total revenue	2.83% (2018) 2.90% (2017) 2.97% (2016)	
	Capital transfers from other orders of government as a % of total revenue	17.52% (2018) 11.12% (2017) 10.85% (2016)	
	(Transfers, operating expenses and total revenue per the City of Edmonton 2017 Annual Report Consolidated Financial Statements)		

**Risk Assessment**

<b>Risk Element</b>	<b>Risk Description</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Risk Score (with current mitigations)</b>	<b>Current Mitigations</b>	<b>Potential Future Mitigations</b>
Risks if not approved						
Financial	Inconsistent funding from other orders of government will impact City budgets	5 Almost Certain	3 Major	15 High	Different funding scenarios are considered to support planning efforts	Long-term funding strategies will be subject to future program and resource allocation decisions by Council

Political Influences	Other orders of government can change funding goals over time	3 Possible	3 Moderate	9 Medium	City participation in other advocacy forums, e.g. the Alberta Urban Municipalities Association (AUMA) and the Federation of Canadian Municipalities (FCM) provides opportunities to undertake joint advocacy with other municipalities	City advocacy efforts can be supported by collaboration with other (non-traditional) stakeholders and allies.
Risks if approved						
Reputation	Advice not heeded	3 Possible	3 Moderate	9 Medium	Same as above	Same as above

**Others Reviewing this Report**

- M. Persson, Deputy City Manager and Chief Financial Officer, Financial and Corporate Services
- G. Cebryk, Deputy City Manager, City Operations
- J. Meliefste, Acting Deputy City Manager, Integrated Infrastructure Services
- K. Armstrong, Deputy City Manager, Employee Services
- S. McCabe, Deputy City Manager, Urban Form and Corporate Strategic Development
- B. Andriachuk, City Solicitor