

# DAILY COMMERCIAL NEWS

## AND CONSTRUCTION RECORD

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### Infrastructure

## Alliance responds to plans for property tax surcharges

**Residential and Civil Construction Alliance of Ontario officials says a better long-term plan is needed**

VINCE VERSACE  
STAFF WRITER

The storm created by Mayor 'Hurricane' Hazel McCallion and her city's property tax surcharge is another call for improved infrastructure funding and management, note construction industry officials.

"Municipalities need predictable funding programs so they can plan on a five- to 10-year basis," says Andy Manahan, Residential and Civil Construction Alliance of Ontario executive director. "A long-term stream of funding is needed."

Mississauga council recently voted to add a five per cent surcharge to property taxes next year to help tackle infrastructure maintenance. The surcharge would generate an estimated \$12.5 million in 2008.

McCallion would like to see more federal and provincial assistance for municipalities which are facing growing infrastructure maintenance needs with limited ways to raise money to cover costs. Mississauga faces a need for \$75 million yearly over the next 20 years to cover an estimated \$1.5 billion in repairs and replacement for aging infrastructure.

Toronto recently unveiled a \$1.53 billion capital budget for 2008 which includes funding for repairs to 16 bridges and maintenance on 125 kilometres of its roads.

Toronto's road repair backlog was reported to be \$310 million last year and growing to \$400 million in 2008.

Of the total 2008 capital spending, roughly one-third is expected to come from federal and provincial governments, primarily as transit funding.

"Municipalities have a lot of work contingent on federal and provincial funding, and there is never a guarantee that money will arrive (on time)," adds Manahan.

Brampton is also considering a property tax surcharge to help tackle infrastructure needs. The proposed property tax surcharge could cover a \$273 million need over the next 10 years to upgrade infrastructure. Brampton also requires a reported \$1 billion to fund new capital development.

"There are circumstances now that some municipalities have not thought ahead enough and have systems which need to be replaced and repaired," says Frank Zechner, Ontario Sewer and Watermain Construction Association executive director.

"It tends to be out-of-sight-out-of-mind. With water and wastewater infrastructure, it is a vital necessity for life, as are flood precautions, for all municipalities."

The Association of Municipalities of Ontario (AMO) reported in 2005 the province faces a \$5 billion a year municipal infrastructure deficit. This deficit has grown because municipalities are required to pay for provincial health and social service programs instead of investing in infrastructure, states AMO.

A recent Statistics Canada study, analyzing government infrastructure investment by different levels of government across Canada, revealed Canadian municipalities are now responsible for 58 per cent of government infrastructure capital in 2005 as opposed to 30 per cent in 1961. Provincial governments were responsible for 30 per cent in 2005 compared to 38 per cent in 1961. The federal government's share dropped to 12 per cent in 2005 compared to 33 per cent in 1961.

"There are a number of municipalities casting an eye to the federal government since they have such large surpluses," notes Zechner.

Better funding programs, assistance and project management helps both municipalities and the construction industry, note Manahan and Zechner.

"Some municipalities need to look at not waiting until the end of their budget cycle to get tenders out," says Manahan. "If they get to issuing tenders earlier they can get their biggest bang-for-their-buck."