



## CITY OF LANGLEY

### MOTION

#### Sustainable Canadian Local Governments Asset Management Fund – Mayor Pachal

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##### **Motion:**

THAT the following resolution be forwarded to the Federation of Canadian Municipalities for consideration at its September Board Meeting:

WHEREAS Canada's infrastructure deficit is estimated to be as high as \$570B<sup>1</sup> with almost 60% of the deficit within local government jurisdictions.

WHEREAS the costs to replace and repair local government infrastructure for critical services such as roads, arenas, bridges, drinking water, and wastewater systems are estimated to be \$141 billion<sup>2</sup>, which is well beyond the financial capacity of local governments across the country due to limited revenue generation options, and all while costs for infrastructure renewal continue to escalate at an exponential rate.

THEREFORE, BE IT RESOLVED that FCM petition the Government of Canada create a sustainable and reliable local government asset management fund, like the permanent Building Canada's Public Transit Future Fund<sup>3</sup>, to increase investments in infrastructure renewal, which is essential to enhance public safety, reduce health risks, ensure economic sustainability, and lessen the financial burden on future generations to pay for the infrastructure deficit.

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<sup>1</sup> CanInfra, Estimates of Canada's Infrastructure Deficit Vary Widely, <https://www.caninfra.ca/insights-6>

<sup>2</sup> Canadian Infrastructure Report Card 2016, [http://canadianinfrastructure.ca/downloads/Canadian\\_Infrastructure\\_Report\\_2016.pdf](http://canadianinfrastructure.ca/downloads/Canadian_Infrastructure_Report_2016.pdf)

<sup>3</sup> The Government of Canada is investing \$14.9 billion over the next eight years in reliable, fast, affordable, and clean public transit. This funding includes \$3 billion per year in permanent, predictable federal public transit funding which will be available to support transit solutions beginning in 2026/27.

## Background<sup>4,5</sup>

Public infrastructure gets people and goods moving, provides safe drinking water, handles our waste, creates spaces for sport and recreation, and helps protect our homes against flooding and other natural disasters. It is the foundation that the daily life of Canadians is built upon. The strength of this foundation enables our communities and local businesses to grow, and ensures Canadians have a high quality of life.

The Canadian Infrastructure Report Card 2019 is the third iteration of the report card and offers an objective look at the state of core public infrastructure across Canada. The evidence for the poor state of Canada's infrastructure comes from the voluntary and federally administered Canadian Core Public Infrastructure Survey (CCPIS). The CCPIS illustrates a concerning amount of local government infrastructure is in poor or very poor condition. Infrastructure in this condition represents an immediate need for action, as the rehabilitation or replacement of these assets is required in the next 5-10 years to ensure that the services it provides continue to meet the community's expectations. An even larger proportion of local government infrastructure is in fair condition.

Infrastructure

in this condition represents a view of things to come in the medium to long term. This infrastructure will continue to deteriorate over the next decade, falling into poor and very poor condition if rehabilitation or replacement actions are not taken.

The report also highlights that a majority of the infrastructure that Canadian's rely on every day is more than 20 years old. This finding emphasizes the need for continued reinvestment in existing infrastructure alongside construction of new assets. The deferral of needed investment led to a decline in the physical condition of local infrastructure and an increase in the cost of renewing aging assets.

**Figure 5: Summary of the physical condition of the infrastructure studied, by replacement value, extrapolated to the entire country**

Infrastructure	Extrapolated Replacement Value of All Assets	Assets In		Anticipated Condition Based on Reported Reinvestment Levels (Improving, Stable, Declining)
		Very Poor and Poor Condition	Fair Physical Condition	
		Replacement Value	Replacement Value	
Potable Water	\$207 billion	\$25 billion (12%)	\$35 billion (17%)	Declining
Wastewater	\$234 billion	\$26 billion (11%)	\$56 billion (24%)	Declining
Stormwater	\$134 billion	\$10 billion (7%)	\$21 billion (16%)	Declining
Roads	\$330 billion	\$48 billion (15%)	\$75 billion (23%)	Declining
Bridges	\$50 billion	\$2 billion (4%)	\$11 billion (22%)	Declining
Buildings	\$70 billion	\$12 billion (17%)	\$20 billion (28%)	Declining
Sport and Recreation Facilities	\$51 billion	\$9 billion (18%)	\$14 billion (27%)	Declining
Transit	\$57 billion	\$9 billion (16%)	\$15 billion (27%)	Unavailable
<b>Total</b>	<b>\$1.1 trillion</b>	<b>\$141 billion (12%)</b>	<b>\$247 billion (22%)</b>	
Replacement Value per Household	\$80,000	\$10,000	\$18,000	

Increasing reinvestment rates will stop the deterioration of local government infrastructure. The 2016 Canadian Infrastructure Report Card found that rates of reinvestment are lower than targets recommended by asset management practitioners. Roads and sidewalks, storm water, and sport and recreation infrastructure presented the largest gaps in terms of current and target rates of reinvestment, with water systems-related facilities not far behind. Figures 5 demonstrates the gap between current and target reinvestment levels.

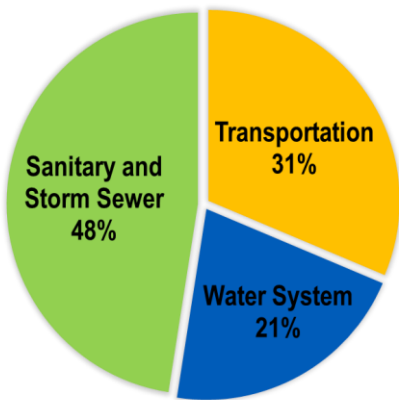
<sup>4</sup> Extracted from the Canadian Infrastructure Report Card 2019, <http://canadianinfrastructure.ca/downloads/canadian-infrastructure-report-card-2019.pdf>

<sup>5</sup> Extracted from the Canadian Infrastructure Report Card 2016, [http://canadianinfrastructure.ca/downloads/Canadian Infrastructure Report 2016.pdf](http://canadianinfrastructure.ca/downloads/Canadian_Infrastructure_Report_2016.pdf)

Increasing reinvestment rates will save money in the long-term. For example, when roads, as is typical for many assets, are allowed to deteriorate below a Fair condition rating, the rate of deterioration and reinvestment costs both increase substantially. Investing in preventive maintenance and regular repair will prolong the asset service life, avoiding premature and costly reconstruction and service disruption.

**City of Langley Context**

The City undertook a comprehensive asset inventory on our transportation, water system, and sanitary and storm sewer assets in 2022. The current replacement costs to replace the assets are estimated to be over \$600 million.



Asset Class	Current Replacement Cost (CRC,\$)
Transportation	\$188,246,438
Water System	\$126,743,860
Sanitary and Storm Sewer	\$285,334,665
Total	\$600,324,963

The asset management analysis recommended that the investment necessary to address the asset management replacement over the next 10 years is over \$240 million.

Transportation	\$132,800,000
Water	\$40,600,000
Sanitary & Storm Sewers	\$68,400,000
Total	\$241,800,000

The City has and will continue to make significant investment to replace aging infrastructure through the Capital Improvement Plan with an annual investment. However, there remains a significant funding shortfall due to limited funding sources such as taxation and utility rates. The tax increase necessary to fund the entire deficit would be unrealistic and create excessive burden on our taxpayers, recognizing that there are competing interests for tax dollars for other essential services such as policing, fire rescue service, parks and recreations, and emergency services.