



# Ontario

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## SuperBuild

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## SuperCroissance

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August 29, 2000

PM  
RECEIVED OCT 11 2000

Mr. Paul Muldoon  
Executive Director  
Canadian Environmental Law Association  
#401, 517 College St.,  
Toronto, ON M6G 4A2

Dear Mr. Muldoon:

The people of Ontario want and deserve safe, healthy municipal infrastructure. That is why the province recently announced an infrastructure investment commitment of at least \$240 million through the Ontario SuperBuild Corporation's "Ontario Small Town and Rural Development Initiative" (OSTAR). I enclose a copy of the news release, backgrounders, application guidebook, and Schedule A for your information.

You may recall that OSTAR was announced in the 2000 Ontario Budget as one of three new, five-year infrastructure investment initiatives. The first priority of OSTAR's initial round will be public health and safety infrastructure. This investment will help Ontario's small cities, towns and rural communities comply with the province's new drinking water regulations and other public health and safety infrastructure investment priorities. Please refer to the guidebook to determine your community's eligibility.

As part of the government's overall Operation Clean Water Action plan, the SuperBuild Board of Directors will help steer the development of a long-term water and sewer infrastructure investment and financing strategy. The Board will draw upon expertise within the provincial government, municipal sector and private-sector and will seek input from stakeholders as it undertakes this important work.

The Province will also ask the federal government to match Ontario's contribution to OSTAR through the Canada-Ontario Infrastructure program currently being negotiated. The participation of the federal government and municipalities would make at least three quarters of a billion dollars available for water and sewer projects and other public health and safety infrastructure over the next two years.

For more information on OSTAR, including additional copies of the application guidebook and accompanying technical schedules please visit our Web site at [www.SuperBuild.gov.on.ca](http://www.SuperBuild.gov.on.ca) or call 1-866-30-OSTAR (1-866-306-7827).

Sincerely,

David Lindsay  
President and CEO

August 10, 2000

## **Investing in our Public Health and Safety Infrastructure**

### **Provincial Commitment**

The Province will commit at least \$240 million over the next two years to support public health and safety infrastructure priorities in small town and rural Ontario under Round 1 of OSTAR.

### **Total Expected Investment**

- The Province is asking the federal government to match Ontario's contribution to each approved OSTAR project through its Canada-Ontario Infrastructure Program currently being negotiated.
- It is estimated that the Provincial \$240 million commitment will result in a total investment of \$750 million.

### **Cost-Sharing Formula**

- Senior government (provincial and federal) support will be determined based on a municipal ability-to-pay formula. This means that the level of support for projects will be different for municipalities based on their ability to pay.
- The Province is asking the federal government to contribute half of the senior government share as determined by the formula.

### **Capital Costs of Compliance with New Drinking Water Protection Regulation**

- The current estimate of total capital costs for municipal water systems to comply with the new Drinking Water Protection Regulation is \$220 million.
- This \$220 million will be cost-shared based on the ability-to-pay formula described above.

## **Public Health and Safety Infrastructure**

- Over \$500 million will be available for other municipal public health and safety priorities in Round 1 of OSTAR (\$750 million total less an estimated \$220 million to comply with DWPR). These municipal priorities are expected to include other water and sewer projects and municipal bridges requiring rehabilitation.
- If more than \$220 million is required to comply with the new water regulations, the additional funds will be available from the remaining \$500 million for public health and safety needs.

### **\$9 Billion Estimate of Water and Sewer Infrastructure Needs**

- There are many estimates of Ontario's infrastructure needs with varying degrees of reliability. The \$9 billion estimate frequently cited in media reports is derived from an estimate of water and sewer needs contained in an industry journal (*Environmental Science and Engineering*) published in 1995. This journal article is just one of many sources of infrastructure needs estimates.
- The article attempts to estimate the total water and sewer infrastructure investment required in the province from all funding sources (federal, provincial, municipal, other).
- This estimate or the way it was calculated were never endorsed or published by the Ontario Jobs and Investment Board.
- As part of developing a sound long-term strategy for water and sewer infrastructure, the government will undertake research and analysis so we are better able to determine our investment needs.

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For further information:  
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Ministry of  
Municipal Affairs  
and Housing

Ministère des  
Affaires municipales  
et du Logement

For immediate release  
August 10, 2000

## **HARRIS GOVERNMENT ANNOUNCES NEXT STEPS IN OPERATION CLEAN WATER INCLUDING CAPITAL FUNDING AND LONG-TERM STRATEGY**

**Toronto:** As another step in ensuring the people of Ontario have safe, clean drinking water, the province is providing significant initial capital support to help municipalities improve their water and sewer treatment facilities, Municipal Affairs and Housing Minister Tony Clement announced today.

“As part of our overall, \$20-billion infrastructure program, together with municipal, federal and possible private-sector contributions, this initiative will result in three quarters of a billion dollars of new health and safety infrastructure in Ontario’s small cities, towns and rural areas over the next two years.”

“We are helping Ontario communities to comply fully and quickly with the new standards by providing a minimum of \$240 million in provincial support for health and safety infrastructure,” Clement said.

The government’s investments will flow through the Ontario Small Town and Rural initiative (OSTAR) that was announced in the 2000 Ontario Budget. The first priority of the initial round of this five-year infrastructure initiative will be public health and safety. Municipalities will be asked to identify their top public health and safety infrastructure investment priority. The government expects many municipalities will propose water or sewer projects that will bring them into compliance with the new tougher Ontario drinking water regulations and current sewage treatment standards.

“Our commitment of at least \$240 million will be available to help municipalities upgrade their water systems to comply with the province’s new drinking water regulations,” Clement said. “The OSTAR initiative will target more support to municipalities that lack the ability to pay for infrastructure improvements based on criteria contained in the OSTAR application.”

Mr. Clement also announced that, as part of Operation Clean Water, the advisory board of the Ontario SuperBuild Corporation will guide the development of a long-term water and sewer infrastructure investment and financing strategy. Moving toward full cost recovery for water and sewer treatment services will be a fundamental principle of the government's long-term strategy to ensure that future investment needs are met on a timely basis. The SuperBuild advisory board will work in cooperation with the Ministry of Municipal Affairs and Housing, the Ministry of the Environment, the Ministry of Agriculture, Food and Rural Affairs, the Ministry of Northern Development and Mines, municipalities and other public and private sector stakeholders.

The Province will ask the federal government to match Ontario's contribution to OSTAR projects through the Canada-Ontario Infrastructure program currently being negotiated. This federal support, coupled with municipal investments, would make at least three quarters of a billion dollars available for water and sewer projects and other public health and safety infrastructure.

"Working together does not mean that one government takes on the responsibilities of another," Clement said. "All governments have their challenges and responsibilities: municipalities are accountable for their water and sewer systems, and need to fulfill their responsibilities to ensure local facilities meet today's needs as well as tomorrow's challenges. The provincial government is responsible for establishing and enforcing regulations and standards to ensure the clean water Ontarians expect. With today's announcement we look forward to working together on shared outcomes for the benefit of all taxpayers and ratepayers."

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***Building Ontario's Future with OSTAR***

Through SuperBuild, the Ontario Government is investing in priority infrastructure such as water, wastewater and flood control management facilities to ensure that Ontario's citizens continue to enjoy drinking water that is safe and reliable.

**One of three 2000 Budget initiatives designed to build Ontario's future**

In the 2000 Ontario Budget, the government announced three new infrastructure initiatives to build for the province's future. These infrastructure initiatives are:

1. \$1 billion SuperBuild Millennium Partnerships Initiative
2. \$300 million Sports Culture and Tourism Initiative
3. \$600 million Ontario Small Town and Rural Development Initiative (OSTAR) (for infrastructure and economic development)

**Public health and safety is OSTAR's priority in the first round of investments**

In the first OSTAR funding round, the government's top priority will be investing in projects that address public health and safety.

**Who may apply?**

All upper and lower tier municipalities in Ontario may apply, except for the municipalities in the Greater Toronto Area, the new City of Hamilton, the Region of Waterloo, the new City of Ottawa, the new City of Greater Sudbury, the Region of Niagara, the City of Thunder Bay, the City of London and the City of Windsor. These large urban areas will be eligible for SuperBuild's Millennium Partnerships initiative.

Notwithstanding the ineligibility of large urban areas, municipalities with a population of less than 100,000 in any of the regional municipalities in the Greater Toronto Area or in the other eight large urban areas listed above are eligible to apply to OSTAR.

Local Services Boards in Northern Ontario are also eligible to apply.

In some circumstances, the lead applicant may be a non-governmental or private sector organization rather than the municipality itself. In these situations, the municipal council must endorse the application as its highest public health and safety priority.

### **Through OSTAR, the province will:**

- Help municipalities improve infrastructure in Ontario's agricultural and rural areas, small towns and small cities
- Solve infrastructure problems with a focus on health and safety priorities (health-related water and sewer projects, bridges)
- Encourage wider scale infrastructure projects and inter-municipal cooperation
- Invest senior government funding to help municipalities with ability to pay challenges.

### **OSTAR Criteria**

To qualify for provincial investment, proposals must demonstrate:

- There is a demand or need for the project
- Specify the condition of the existing asset
- The cost-efficiency of the infrastructure solution proposed
- The quality of the financial plan, including a plan to recover full operating and capital costs through service charges where appropriate

### **Other considerations:**

- Amount of private or other public sector partner contribution
- Innovation -- new and better ways of providing infrastructure (e.g. inter-municipal projects)
- Strong financial and long-term management plan
- Priority projects identified by Ministry of the Environment inspections will automatically be treated as the municipality's top priority
- Each municipality's ability to pay will be considered when determining the appropriate provincial funding share

Proposals must focus on investments that improve economic development and quality of life with a focus on health and safety priorities. Examples may include:

- Water and sewage
- Municipal bridges
- Municipal dams and storm sewers
- Roads, bridges and ferries - important economic and regional links

### **OSTAR's Application Process**

Details are to be made available to municipalities in the coming weeks.

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For further information  
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August 10, 2000

**Ontario's long-term strategy for safe, reliable infrastructure**

On August 8, 2000 Premier Mike Harris and Environment Minister Dan Newman announced Operation Clean Water, an action plan to focus province-wide efforts to improve water quality and delivery in the province. This included high water quality standards, frequent testing, prompt reporting and tough penalties.

On August 9, 2000 Environment Minister Dan Newman launched a consultation on testing and reporting requirements for small waterworks. This action will look at what small waterworks (those using less than 50,000 litres of water on a given day and serving five or fewer residences) can and should do to safeguard the drinking water they make available to the public.

Today, as part of the Harris government's action plan to improve water quality, Tony Clement, Minister of Municipal Affairs and Housing, announced immediate infrastructure investments that focus on water safety as well as a long-term water and sewer infrastructure investment and financing strategy.

**The need for a water investment and financing strategy**

- Over the past few years a number of challenges and questions have arisen about how to make the necessary investments in Ontario's water and sewer infrastructure. Among those questions are:
- What is the true cost of providing infrastructure services versus what consumers and businesses currently pay?
- How does what we pay for water, and what it costs to provide water and sewer services, affect the conservation of this precious resource?
- How can new technologies help in providing clean, safe, water and water-related infrastructure?
- With Operation Clean Water, the government has taken action on improving immediate water quality and delivery in the province. But over the long term,

the government also wants to ensure that municipal infrastructure continues to provide the people of Ontario with clean, safe drinking water and environmentally responsible sewage treatment. And part of that long-term strategy involves meeting the municipal challenges of investment and financing.

### **Principles for the government's long-term strategy**

The following principles should help guide the development of a long-term water and sewer infrastructure investment and financing strategy:

- Moving to full-cost recovery as quickly as possible to help finance water and sewer infrastructure and to promote conservation. This means that enough money is coming in to afford operation of a municipal water and sewer system, and to finance the costs of future upgrades and expansion.
- Senior government financial support should be based on a city, town or rural area's ability-to-pay.
- Good planning, accounting, financing and capital asset management practices. After all, when you own a house you need to save for the future, plan for additions, and make sure you can afford its upkeep over the life of a mortgage -- that needs to happen with water and sewer systems too.
- Use the best, most cost-efficient and most up-to-date water and wastewater treatment technologies
- Cost savings and other service quality benefits that might come from introducing area or region-wide servicing systems, rather than single, small water and sewer systems will be explored.
- Make sure there is good, accurate information on the state of repair of the province's and each municipality's water and sewer infrastructure investment needs and priorities. This makes for good decisions by all governments.
- Look at the appropriate roles for different levels of government and the private sector in providing, operating and/or financing water and sewer infrastructure.

### **The government's water investment and financing strategy team**

- The Ontario SuperBuild Corporation's Board of Directors has been asked to

work with the Ministry of the Environment, the Ministry of Municipal Affairs and Housing, the Ministry of Agriculture, Food and Rural Affairs, the Ministry of Northern Development and Mines, municipalities and other private and public sector stakeholders to guide the development of a long-term strategy to finance Ontario's water and sewer investment needs.

- The Board of Directors of the Ontario SuperBuild Corporation and its partner ministries will also assemble information that helps determine Ontario's future public infrastructure investment needs and investment priorities.
- Members of the SuperBuild Board have expertise in the management, operation and financing of several leading Canadian and multinational firms. They will complement their expertise by drawing on others with technical and policy skills as they steer the development of a long-term strategy to finance Ontario's water and sewer investment needs.
- The Board provides advice to the Minister of Finance and the Cabinet Committee on Privatization and SuperBuild on infrastructure financing and public-private partnerships.
- The government will also ask the federal government to match Ontario's support for municipal water and sewer infrastructure and other public health and safety investments through the Canada-Ontario infrastructure program. This program is currently being negotiated.

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For more information, please contact:

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## A Catalyst for Better Capital Planning and More Investment

The government created the new Ontario SuperBuild Corporation to improve the way it invests money in infrastructure initiatives.

Through SuperBuild, the government is building a strong foundation for sustained economic growth and an improved quality of life for Ontario's people.

### SuperBuild is about

- building for Ontario's future
  - planning infrastructure better
  - setting strategic priorities
  - rethinking the way government invests capital
- and*
- working together with the private and public sectors to create innovative capital investment.



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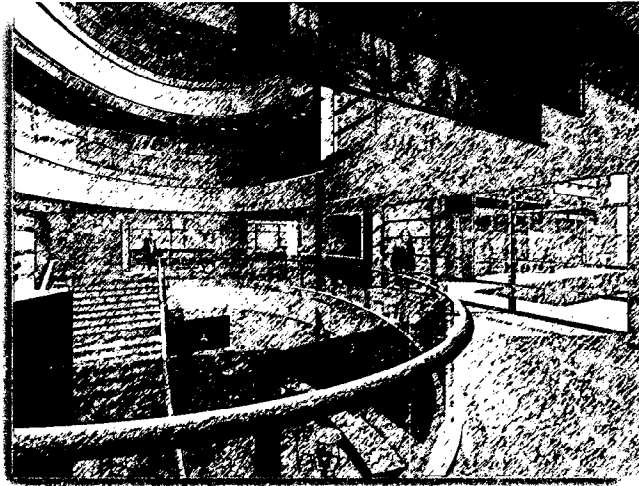
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We're  
Building  
Ontario's  
Future



*SuperBuild and its partners have invested \$1.8 billion to build and modernize postsecondary institutions such as the new Chemistry Building at Queen's University.*

## Part of the Government's Economic Vision and Action Plan

In its March 1999 report, *A Road Map to Prosperity*, the Ontario Jobs and Investment Board developed an economic vision and action plan for the 21st century—a strategy for ensuring **jobs, investment, and economic prosperity** for the people of Ontario over the next 5, 10 and 20 years. The report called attention to the province's growing infrastructure investment challenges.

In response, in May 1999, the government announced the SuperBuild initiative as a catalyst for addressing Ontario's infrastructure deficit and meeting the economic and quality-of-life challenges of the new millennium.

The Ontario SuperBuild Corporation was created in December 1999, with a mandate to turn the government's **infrastructure vision** into a reality.

## Five-Year \$20 Billion Initiative

The Ontario Government is investing **\$10 billion** in strategic infrastructure projects and will leverage an additional \$10 billion or more from private and broader public sector investment partners.

SuperBuild will facilitate **investment** opportunities for the private and public sector partners to assume more risk and direct financing of priority capital projects.

SuperBuild is responsible for providing advice on the creation of **public-private sector partnerships** to the Cabinet Committee on Privatization and SuperBuild.

## A New Way of Doing Business

SuperBuild **will be a catalyst** for new approaches based on partnerships and strengthened accountability.

SuperBuild is not in the infrastructure delivery business. That continues to be the responsibility of provincial ministries, municipalities, hospitals, and other public sector partners.

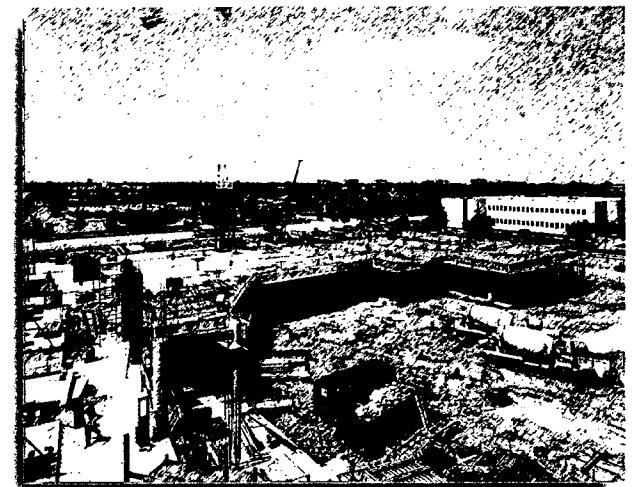
SuperBuild will **help guide capital planning**, policy development, and priority setting. SuperBuild will also provide expert advice and support to public sector organizations wishing to pursue investment partnerships with the private sector.

## New Initiatives to Build Ontario's Future

Three new capital initiatives are part of the government's 2000 Ontario Budget:

1. **SuperBuild Sports, Culture and Tourism Partnerships** - \$300 million over 5 years.
2. **Ontario Small Town and Rural Development Initiative** - \$600 million over 5 years for infrastructure and economic development.
3. **SuperBuild Millennium Partnerships** - \$1 billion over 5 years.

These partnership initiatives, coupled with investments in roads, hospitals, colleges, and universities, are designed to **build Ontario's future**.



*Future court facilities may be financed, constructed, and/or operated by working in partnership with the private and broader public sectors.*