

Federal stimulus needed now as pipeline of work at ‘very high risk,’ says RCCAO

Angela Gismondi July 30, 2020



While the **Residential and Civil Construction Alliance of Ontario (RCCAO)** applauds the provincial and federal governments for announcing a plan to deliver nearly \$4 billion to support municipalities and transit systems through COVID-19, they say more needs to be done and now.

The funding, announced July 27, is through the Safe Restart Agreement which is expected help local governments maintain critical services over the next six to eight months.

Up to \$2 billion will be allocated to public transit shared equally between Ontario and the federal government.

In a pre-budget submission presented to the Standing Committee on Finance prior to the announcement, the RCCAO stated the government needs to continue to invest in infrastructure at a level that was planned prior to the pandemic.

Failing to do so will have long-term social, economic and environmental consequences for the country.

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Residential and Civil Construction Alliance of Ontario

“I don’t know if the money is going to be enough for the City of Toronto based on the big hit they are taking, but I suspect that they will continue to have challenging times over the coming months,” said RCCAO executive director Andy Manahan, adding transit has and will likely face declines in ridership in the future.

“If we have a second wave of this, will we have enough money to get through it?”

The RCCAO is encouraging the federal government to speed up the delivery of funds, as infrastructure projects in the municipal sector that were planned for 2020 are already slowing down and construction firms have signalled the situation for the remainder of the year looks bleak.

“We’re hearing through our contractor network that because of municipalities’ financial woes that the number of tenders that would typically be issued for the fall season has dropped off dramatically, so the pipeline of work for this fall is at very high risk of not going forward in many cases,” said Manahan.

In its submission, the RCCAO makes three recommendations for moving forward and stresses the importance of streamlining processes to fast track approvals.

“The RCCAO board had suggested in the spring that we engage the federal government because there is a lot at stake in terms of infrastructure funding and municipalities are cash strapped,” Manahan explained. “In terms of helping municipalities there are certain things they need to do on an expedited basis otherwise they are in a lot of trouble.

“We’re saying if you want to keep the economy going there is a certain level that you have to release right now to ensure that we can keep basically asset management, state of good repair-type projects at the local level going because if not there are going to be some small to medium size contractors that could go bankrupt potentially.”

The recommendations include to provide more immediate stimulus and enhanced funding to maintain municipal assets in a state of good repair; that the government commits to investing in infrastructure at the level that was planned prior to the COVID-19 crisis and consider maximizing any investments given the current pandemic; and that the government collaborate with provincial governments on innovative methods to facilitate and streamline infrastructure and other projects such as advancing electronic permitting and approvals, using energy-efficient materials in buildings and supporting new mobility/parking standards.

Manahan said the federal government may be cautious about moving forward and with the potential for a second wave, they might want to hold back on releasing the funding.

“I think those kinds of conversations are happening. They are being somewhat cautious about how much they release. There may be a staged release of money,” Manahan suggested. “Even if, for example, Ottawa announces its stimulus program, it would still take time to wind its way through the system in terms of which municipalities get what for which program and then that could mean at best you are looking at very late 2020 for tenders to go out which means the work doesn’t start until 2021.”