

# ONTARIO GOOD ROADS ASSOCIATION



*Working for Municipalities*

## Why Do We Accept False Limits?

BY S.R. BUTLER

As much as I would love to, I will never hoist the World Cup trophy as the captain of the world champion Canadian men's soccer team.

The reasons for this are multiple and not worth the discussion.

This is different than meeting someone who says, "I'll never be able to use e-mail. No, I have to use a pen and paper". Or a student who says "I can't possibly learn Arabic. I don't have the aptitude for languages".

Unlike my unrequited dreams of sporting glory, these other two scenarios are categorically false limitations that have been self-imposed. Put slightly differently, what the individuals in these two situations are saying is that they cannot be bothered to put in the time, effort and energy.

Take a moment to think about this. Billions of people have taught themselves to use email effectively. Approximately half a billion people have learned Arabic with a failure rate for newborns that is next to zero. If a well functioning person devotes sufficient time and effort, the likelihood that she'll succeed skyrockets.

Now consider how we think about the management and renewal of our public infrastructure. Why is it that as a society we so willingly accept false limitations on this issue?

The answer is simple. All too often we have decided that investments in infrastructure are like my dashed

dreams, when in reality there are like the guy who chooses not to learn how to email.

How often have you heard someone say that an infrastructure project cannot move forward because there simply isn't the money? That environmental concerns have not been taken fully into account? That there are other priorities? Sometimes these concerns are legitimate. And sometimes these concerns are the veil we wrap around the issue in order to avoid doing the hard work, the critical thinking and expending the time and energy.

As the recent infusion of stimulus spending demonstrated, money put into infrastructure is a prudent investment. It creates and sustains good paying jobs. People understand the value of having clean water, well maintained roads and quality recreation facilities. Business leaders will tell you how a modern, efficient transportation and energy network are the foundation of today's globalized economy. And yet when it comes time to re-invest in these assets, for too long we have accepted the false limitations, like those outlined above, that it cannot or does not need to be done.



This amphibian culvert crossing currently under construction in Guelph, Ontario demonstrates the type of creative problem solving that often is not in our mindset when we think about our public infrastructure.

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2-6355 Kennedy Road, Mississauga, Ontario L5T 2L5 Tel: 905-795-2555 www.ogra.org



## WHO'S MINDING OUR ASSETS?

By Irene Hogendoorn, Marketing Director and Al Kostjuk, P. Eng, Director, Altus Group

The story of Ontario's drive to go 'green' has captured the political attention of Ontarians. The government has made a generational investment in green energy sources like wind and solar. And construction is to begin soon on new nuclear builds. Forecasts indicate that going 'green' will create approximately 50,000 new jobs. To date, the province has made a \$4 billion 'green' investment that will decrease our dependency on fossil fuels, create jobs and address the effects of climate change. The same longterm outlook now needs to be focused on the management of these assets.

Now is the time to ask, what happens to new windmills in five years? What is the maintenance costs on a solar farms in ten years? Fifty Years? Ask yourself, who is managing my investment, my assets? After all, we are the owners.

### Ontario's Recent Infrastructure Outlay

The Province of Ontario's recent outlay of infrastructure spending has been significant. Total infrastructure investment by the province this year and in the past five years totals approximately \$60 billion. This includes more than 100 major hospital projects and more than 13,000 school renewal projects. There was also the \$30-billion ReNew Ontario investment plan, completed in 2009, which started to tackle Ontario's infrastructure deficit. Moreover, Ontario is providing record infrastructure investments in 2009-10 and 2010-11 that will create and support more than 300,000 jobs in Ontario. The forthcoming ten-year infrastructure plan promises more of the same.

### An 'Ontario Roadmap' for Asset Management

Ontario must develop a roadmap to manage its assets. The roadmap should set priorities, define the function and performance of the whole infrastructure of Ontario. No longer can municipalities, provinces and the federal government work in silos. Instead they must work together to look at all infrastructure over the entire life cycle.

The short term, reactive, ad-hoc planning processes, constrained by politically driven zero-budget increases, is unrealistic and irresponsible in the face of our aging infrastructure. We can no longer create budgets looking back at the past. We need to look forward and manage forward.

Initiatives like the *National Infrastructure Report Card* will be effective at identifying the current "Grade" for infrastructure across the participating organizations. Forecasting if the future is an "A" or an "F" is what is really needed. Hopefully the Report Card will generate the support needed to create the programs to address this.

In order to succeed, the roadmap must incorporate innovative policy, long-term sustainable funding, performance requirements and responsive information management. This will allow us to "mind the store" as we continue to invest billions of dollars into much needed infrastructure repair and maintenance.

Altus Group supports private and public sector clients across Canada with services and solutions including:

- Cost Analysis and Cost Monitoring
- Land Acquisition
- P3 DBFO Contract Management
- Tactical & Strategic Capital Planning
- Lifecycle Cost Studies
- Risk Management
- Asset Valuations

The inevitable result of this approach is a \$123 billion infrastructure deficit.

Here in Ontario we are preparing for our third election in less than a year. Having recently elected a new crop of municipal and federal leaders, this time we will be electing a new provincial government. Elections offer a fantastic opportunity to focus attention on issues of importance.

It is imperative that those who are representing the interests of the various infrastructure sectors drive home the point to candidates that the recent stimulus spending was not a panacea for all that is ailing our aging assets.

Instead, we need provide that rare gift of useful information that does not have a background agenda. We need to explain to the public the vital importance of maintaining and expanding our assets. Show the public what they need, what is possible and how these investments will make their lives easier.

And we need to do the same thing with the elected officials and staff members of all levels of government.

At OGRA we have taken this approach and it is providing significant returns. Our Municipal DataWorks application is the largest single repository of information on municipal assets in Canada. The Government of Ontario has recognized the value of MDW and accordingly has provided the resources needed to expand.

There is no reason why we cannot continue to make headway in eliminating our infrastructure deficit. The time to act is now.

Altus Group is Canada's largest independent real estate advisory firm. Its Capital Planning division provides local governments with the latest asset management tools and services and develops infrastructure plans to identifying projects, reduce capital and maintenance costs and identify long range financial investment requirements. For more information about Altus Capital Planning please visit [www.altusgroup.com/capitalplanning](http://www.altusgroup.com/capitalplanning) or call 1-888-912-4319