



A Primer on Municipal Infrastructure

By Dave Angus, Winnipeg Chamber of Commerce

For those who attended the State of the City Address, you couldn't help but notice that municipal infrastructure is at the "top of the charts" as the issue that will grip City Hall for the balance of Mayor Katz's current term. You may have also noticed that no concrete proposals have been made to address the ever increasing deficit. It is time for our community to have a public discussion to shine greater light on the issue (void the rhetoric) and propose some long term solutions. This CEO Confidential will focus on the magnitude of the deficit.

A report by the Canada West Foundation entitled "The Penny Tax", crystallizes the challenge facing Canadian municipalities and especially the City of Winnipeg. I have pulled a lot of the following data from that report prepared by the Canada West Foundation.

Fact One: The municipal infrastructure deficit is real and it exists as a result of over three decades of neglect. Governments across the country began reducing municipal infrastructure investment in favor of other priorities in the 1970s and they have only begun to resurrect funding levels to 1960 per capita investment in recent years.

Fact Two: There is an increasing percentage of total public infrastructure required in municipalities. It has

gone from 17.7% to 34% in the past 40 years. With 80% of Canadians now living in cities and the increasing demands on road, sewer, and bridges, along with housing, transit, and recreation with a growing population, infrastructure investment in municipalities has grown dramatically. This increased responsibility for municipalities is not matched through the resources available to it through its current revenue model.

Fact Three: The annual infrastructure deficit for Winnipeg alone is pegged at \$737 million annually or \$7.37 billion over the next ten years.

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About 50% of that total represents new, and half is for refurbishment of existing. The existing envelope investment areas are broken down by the following:

- » Transportation - 69.2%
- » Community - 15.6%
- » Environmental - 11.7%
- » Protection - 2.4%
- » General - 1.2%

Fact Four: Winnipeg has additional cost pressures due to the nature of our City. The combination of being a winter, railroad, and river city has an impact. Additional erosion of

infrastructure and the need for bridges and underpasses is more acute in Winnipeg than most other municipalities.

Fact Five: Something's Gotta Give. Based on the facts and the significance of the need over the long term, one must draw the conclusion that we must direct more resources to municipal infrastructure needs.

Watch for a follow up where I will lay out some proposed options.

Dave Angus is President & CEO of the Winnipeg Chamber of Commerce.

Better get used to gas-tax gouging

By Tom Brodbeck, Winnipeg Sun

Manitobans will be hit Tuesday with their second in a series of tax increases that will be implemented this year, brought to them by their friendly-neighbourhood NDP government.

Fuel taxes are going up 2.5-cents a litre Tuesday, a tax hike that will generate an estimated \$49 million in extra cash for the Selinger government.

Motorists will now pay 14 cents a litre at the pump for gasoline and diesel. That's up from 11.5 cents a litre.

The first tax hike to kick in was 2.5-cent per cigarette tobacco tax increase effective April 17.

The biggest tax increase — the expansion of the PST to items such as home insurance and services like haircuts and manicures — will come into effect July 1.

The \$35 increase in vehicle registration also comes into effect July 1. And a higher dividend tax — which will hit seniors who rely on investment income — is applicable in the 2012 taxation year. The dividend tax credit will be reduced to 8% from 11%.

It's all part of the NDP's \$182-million tax-hike budget announced April 17 — the largest overall provincial tax increase since 1987.

And it's on top of a staggering \$83 million in higher user fees and other charges, including higher fees for things like birth certificates and child abuse registry checks.

All told, that's a \$265-million increase in taxes and fees for 2012. Take that pocketbook.

Meanwhile, the tax hikes have been the subject of daily debate and political wrangling at the Manitoba Legislature where the Opposition Tories are demanding to know why the NDP didn't come clean with voters about their plans to raise taxes prior to the October, 2011 election.

Premier Greg Selinger promised voters during the election that his government would balance the books by 2014 without raising taxes and without cutting front line services.

The tax promise has now been broken. And faced with a staggering deficit of \$504 million this year, it's doubtful the Selinger government will be able to make good on its balanced budget pledge for 2014, either.

'(Tuesday) is gas-tax-hike day in Manitoba' Tory finance critic Heather Stefanson said in the legislature Monday. 'Everyone filling up at the pump will be paying 2.5-cents a litre more than they are today.'

Premier Greg Selinger said Manitobans understand that the higher gas taxes will go towards "important" infrastructure upgrades like rehabilitating the province's crumbling roads and bridges.

The trouble is, Selinger's own Transportation Minister Steve Ashton confirmed last week that funding for roads and bridges is not going up this year compared with the last few years.

He says it's simply being kept at "historically high levels."

Whatever. It's not going up and we're paying more.

Worse, capital investment in infrastructure overall is down 13% this year in the 2012 budget.

So it's a pretty tough sell to the public that motorists have to pay a higher gas tax when there's no new funding for roads and bridges.

The same applies to the \$35 hike in vehicle registration fees.

Whatever the case, you will pay more at the pumps beginning Tuesday and you will pay more to register your vehicle come July 1.

Better get used to it.



SPRING MIXER

Wednesday June 13, 2012 | Assiniboia Downs
Reception – 5:30pm ▪ Dinner – 6:00pm ▪ Live Racing – 7:00pm

SEATING IS LIMITED. TO ORDER TICKETS, FAX FORM BACK TO 943-2279. **TICKETS: \$75.00 + GST.

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For more information please contact Christine at the MHCA office by phone: 947-1379, fax: 943-2279 or by email at christine@mhca.mb.ca

As per MHCA Board Policy, only registrations cancelled 72 hours prior to the commencement of this event will be refunded.



Groundbreaking  MHCA



April 27, 2012

FOR IMMEDIATE RELEASE

Western Canadian Municipalities Seek more Investment in Infrastructure

The provincial urban and rural municipal associations from Alberta, Saskatchewan and Manitoba met today in Regina to discuss issues of common interest. Of significance to all associations is the need for greater investment in municipal infrastructure by the federal and provincial governments.

“The west is where economic activity is happening in this country,” said Saskatchewan Urban Municipalities Association Vice-President for Towns Rolly Zimmer. “We are deeply concerned that the economic growth of our region will be severely impacted by the lack of investment through federal/provincial programs in municipal infrastructure.”

“Local governments provide the necessary infrastructure required to grow an economy,” said Saskatchewan Association of Rural Municipalities President David Marit. “Unfortunately, rural and urban governments have a limited number of tools to raise funds necessary and are restricted in borrowing to address the challenge of rehabilitating and constructing growth-related infrastructure such as roads, bridges, water systems, and recreational facilities.”

“It is critical that the provincial and federal governments increase investment in municipal infrastructure,” said Alberta Urban Municipalities Association President Linda Sloan. “They must commit to a long-term funding partnership with local governments to address essential infrastructure.”

“There is a tremendous need for infrastructure investment in our communities,” said Alberta Association of Municipal Districts and Counties President Bob Barss. “Local governments are in need of an infrastructure program that helps us to address the challenges we face, without this investment our economies will suffer.”

All municipal associations are currently engaged with their respective provincial governments on the issue of infrastructure. In addition, they are working through the Federation of Canadian Municipalities, to ensure these concerns are also being communicated to the federal government.

A common request among all associations is that any new infrastructure program must be long-term, sustainable and that funding should be substantial to make a considerable impact on the infrastructure deficit.

“Local governments play a pivotal role in a province’s economy by providing the services and infrastructure necessary to attract people and investment,” said Association of Manitoba Municipalities President Doug Dobrowolski. “Ensuring local governments have the funding needed to continue in this role is crucial to the future of all three provinces.”

Iran: Risk of a Different Sort

By Peter Hall, Vice-President and Chief Economist of Export Development Canada

Have you noticed? Rhetoric about the key risks to the near-term economic outlook seems more muted these days. This makes good sense if the near-term forecast is indeed improving, as higher growth generally makes the risks easier to handle. But one risk stands apart: Iran's nuclear standoff with a coalition of Western and like-minded states is inching toward a crisis point.

At its core, the confrontation between the West and Iran is about the country's failure to address well-founded international concerns about the military dimensions of its nuclear program. A coalition including Canada, the European Union, the US and other like-minded countries fears that Iran's ongoing enrichment of uranium will one day allow it to manufacture nuclear weapons.

Discovery by the UN's International Atomic Energy Agency (IAEA) of suspicious activities in certain previously undeclared Iranian nuclear sites thrust the coalition into negotiations with Iran in 2002. Since then, the West has embarked on numerous diplomatic initiatives and leveled sanctions aimed at compelling Iran to limit its enrichment efforts and abandon its suspected pursuit of nuclear weapons.

The ante was raised significantly last November. Release of a new IAEA report that raised concerns about Iran's experimentation with technologies essential to developing nuclear weapons impelled the coalition to impose tough new economic sanctions, unprecedented in their scope. Israel has gone further. Prime Minister Netanyahu implied in March that Israel will decide by year's end whether to attack if sanctions and diplomacy fail to persuade Iran to cease enriching uranium and to dismantle its underground enrichment facility. Israel's rush to act reflects its belief that Iran's defense mechanisms will be too advanced by 2013 for any air raid to significantly set back the Iranian nuclear program.

The US does not share the same sense of urgency, largely because its military means are far greater than Israel's. As such, a US-initiated attack on Iran is less likely in the next two years. Nevertheless, concern about the possibility of



an Iran-Israel confrontation disrupting oil exports from the Persian Gulf (20% of oil traded worldwide) has served to elevate current global oil prices and fears of an even more drastic oil price spike this year or next.

Will Israel act on its threats? An Israeli decision to attack Iran in 2012 would not be taken lightly. First, Israel fully expects that Iran would retaliate by pressuring its ally in Lebanon, Hizballah, to launch rockets against Israeli cities. Second, the US government does not favour military action in 2012, as US military planners believe that Iran would not only retaliate against Israel but also against US troops in Afghanistan and perhaps elsewhere in the Persian Gulf. Finally, an Israeli raid, even if successful, would have a limited payoff. Analysts estimate that the effect of an Israeli bombing attack would be at best temporary, setting back the Iranian nuclear program by approximately 2 to 4 years.

The bottom line? Together, these considerations are likely compelling enough to dissuade Israel from military action in 2012, buying time for diplomatic overtures and the recently imposed economic sanctions to persuade Iran to make significant concessions. Failing these, near-term military confrontation between Israel and Iran is increasingly likely.

Owner liable for faulty past experience assessment

Bid Protest Bulletin | Paul Emanuelli

An owner is typically expected to diligently review a bidder's submission. In fact, the failure to ensure the proper review of bidder submissions has in certain instances been found to constitute a breach of the tendering rules.

For example, in its decision in *Air-Tite Sheet Metal Ltd. v. Canada (Attorney General)*, the Newfoundland and Labrador Supreme Court found that the government conducted an unfair evaluation by improperly rejecting a bidder's evidence of past experience. The case involved a tender call for the Department of National Defence for the replacement of a steam distribution system at the Canadian Forces Base in Goose Bay, Newfoundland. The tender call required evidence of past experience:

The Contractor shall submit to their tender package, a list of projects completed in the past five years, of a similar size, value and nature to this project. A minimum of two is required for the bid to be accepted.

The plaintiff's tender was rejected since the evaluators found that one of its listed projects was never completed. The court found that the evaluation requirement was ambiguous and called for a heightened duty of fairness in light of its subjective nature:

Clearly all bidders recognized that the assessment of qualifications would form part of the bid evaluation process. Given the cost involved of preparing the bid, and of a mandatory site visit prior to bid submission, both the bidders and the evaluator would expect that the qualifications would be assessed fairly and on a basis consistent between bidders.

Particularly where the assessment involves such a degree of subjectivity, the need for fairness and consistency is increased. Not only does such an implied term reflect, in my view, the presumed intentions of the parties, but it is also consistent, as suggested in *Martel Building*, with "the goal of protecting and promoting the integrity of the bidding process."

The court also found that the evaluators failed to confirm the information in relation to the past project and therefore unfairly applied the evaluation requirement:

The DND evaluators did not include this project in their evaluation of Air-Tite's capability, believing that Air-Tite had been "thrown off" the job for unsatisfactory, untimely and



incomplete performance. This was not true. This conclusion was reached, initially by Crawford, and later accepted by Brighty, apparently on the basis of five year old anecdotal information recalled by Crawford. But all of the information on Air-Tite's work on the hangar, any deficiencies as to performance and scheduling, and the state of completion of the mechanical work when Air-Tite left the site, was in the hands of DND and DefCon, those responsible for evaluating Air-Tite's capability.

The court determined that the evaluators would likely have accepted the project in question as valid past experience had they confirmed that facts and discovered that it had been 98 per cent completed:

Looking at the evidence as a whole, I am satisfied that, had the DND evaluators assessed the correct information concerning Air-Tite's subcontract work on the German Air Force Hangar, they would have included that project in their consideration of Air-Tite's capability. I am also satisfied that, had such an assessment taken place against the standard actually used by DND — an overall "comfort level" assessment of the bidders ability to install 1.2 kgs of underground steel piping in a timely fashion — the evaluators would have considered Air-Tite to be qualified and would have recommended that Air-Tite, as low bidder, be awarded the contract.

The court found that the error in the evaluation cost the plaintiff the award of the contract and awarded the plaintiff approximately \$250,000 in lost profit damages.

Paul Emanuelli's procurement law practice focuses on all aspects of the tendering cycle including bid dispute resolution. Reach Paul at paul.emanuelli@procurementoffice.ca.

'WORKSAFELY™ Certification' for Owner Operator

An **Owner Operator** is defined as a business operation without any employees.

Under Manitoba Government Tendering Policy, Owner Operators who perform services as subcontractors are excluded from the COR™/SECOR Certification, Condition of Contract requirements.

However an Owner Operator (without employees) bidding work requires COR™ or SECOR Certification to comply with the Manitoba Government Tendering Policy.

WORKSAFELY™ Certification - What is it?

If an Owner Operator is not bidding work, the MHCA WORKSAFELY™ Program can provide training to achieve a voluntary WORKSAFELY™ Certification.

WORKSAFELY™ Certification requires 16 hours of safety training consisting of:

- Workplace Safety & Health Act & Regulations
- WHMIS
- Fatigue Management
- Traffic Control & Flag Person
- Personal Protective Clothing
- Vehicle Inspection and Load Securement
- Contractor Orientation

Vehicle decals



Hardhat decals



Its value is twofold:

- It provides COR™/SECOR certified companies documentation of the Owner Operator's training and understanding of the legal responsibilities under the Manitoba Workplace Safety & Health Act and Regulations including those areas covered by the Prime Contractor Orientation; and
- The WORKSAFELY™ Certification training will be credited towards COR™ or SECOR Certification.

For the above reasons, COR™/SECOR Certified contractors bidding work encourage Owner Operators to achieve the 'WORKSAFELY™ Certification' delivered by the MHCA WORKSAFELY™ Program.

FOR MORE INFORMATION

For information about the WORKSAFELY™ Certification for Owner Operator, contact Sarah Higgins at WORKSAFELY™ at 204-947-1379.

MANITOBA HEAVY CONSTRUCTION ASSOCIATION WORKSAFELY™ PROGRAM
Unit 3 – 1680 Ellice Avenue, Winnipeg, MB, R3H 0Z2 www.mhca.mb.ca

Issued May 4, 2012



Manitoba Government Tendering Policy COR™ / SECOR Certification for Bidders & Subcontractors Condition of Contract

Manitoba Government Tendering Policy [including Manitoba Infrastructure & Transportation (MIT)] requires COR™ or SECOR certification for bidders and subcontractors as a Condition of Contract.

Although phased in - see below - by January 1, 2014, regardless of project value, all bidders and subcontractors (see defined below) will require a valid and current COR™ or SECOR Certification.

For Subcontractors

A 'subcontractor' is defined as a business entity with one or more employees engaged to perform work on a construction project for the successful bidder.

For the purposes of completing the Bidder's Certification Form, "subcontractor" excludes:

- Suppliers delivering products but not directly participating in construction activities on the project site (i.e. supply only)
- Service providers not directly participating in construction activities on the project site
- Subcontractors who are an owner operator (without employees)

A bidder or subcontractor will be required to achieve WORKSAFELY™ COR™ or SECOR Certification to comply with the following Manitoba Government tendering policy:

- **As of January 1, 2012** on project values of \$150,000 and up, bidders and subcontractors must be COR™ or SECOR Certified **or enrolled** in the program.
- **As of January 1, 2013** on project values of \$100,000 and up, bidders and subcontractors must be COR™ or SECOR certified **or enrolled** in the program.
- **As of January 1, 2014** regardless of project value, all bidders and subcontractors **must have a valid and current COR™ or SECOR Certification.**
- **The bidder must ensure its subcontractor(s) is COR™ or SECOR Certified, and provide evidence of certification to the Government of Manitoba before the subcontractor begins work on the Project.**

NOTE: An owner operator (without employees) bidding work requires COR™ or SECOR Certification as per the above tendering policy.

FOR MORE INFORMATION

To register for COR™ or SECOR Certification, contact Sarah Higgins at the Manitoba Heavy Construction Association (MHCA) WORKSAFELY™ Program at 204-947-1379.

WORKSAFELY

Construction Safety Excellence™

Training Schedule

Register by:

- » Email: safety@mhca.mb.ca
- » Fax: 204-943-2279

Cancellation Policy:

The *WORKSAFELY* policy states cancellation must be made at least two business days in advance, otherwise full course fee charge will apply.

APRIL 2012	
April 10	Safe Work Procedures
April 11	Prime Contractor
April 12	Back Injury Prevention
April 12	Fatigue Management
April 13	Safety Administration (1/2 day AM)
April 13	Toolbox Talks (1/2 day PM)
April 16-17	COR™ Leadership
April 18	COR Principles
April 19-20	COR™ Auditor Refresher
April 20	First Aid 1 - CPR
April 23-24	Train the Trainer
April 25	WHMIS (1/2 day AM)/ TDG (1/2 day PM)
April 26	COR™ Auditor Refresher
April 27	Excavating & Trenching (1/2 day AM)
April 27	Flagperson (1/2 day PM)

MAY 2012	
May 1	Safe Work Procedures
May 2	Prime Contractor
May 3	Back Injury Prevention
May 3	Fatigue Management
May 4	Safety Administration (1/2 day AM)
May 4	Toolbox Talks (1/2 day PM)
May 14-15	COR™ Leadership
May 16	COR Principles
May 17-18	COR™ Auditor
May 25	First Aid 1 - CPR
May 28-29	Train the Trainer
May 30	WHMIS (1/2 day AM)/ TDG (1/2 day PM)
May 31	COR™ Auditor Refresher
May 31 (1-4:30pm)	Workplace Safety & Health Committee

REMINDER:

***WORKSAFELY* requires at least six people registered to deliver the course.**

Customized training is available for your specific requirements.

Call the *WORKSAFELY* Office at (204) 947-1379 for more information.