



NOVA SCOTIA
FEDERATION OF
MUNICIPALITIES

NSFM FINAL RESOLUTIONS AND BOARD REPORT, NOVEMBER 6, 2018

TO: Mayors, Wardens, Clerks, All Units

CC: NSFM Membership

FR: Waye Mason, President, Nova Scotia Federation of Municipalities

I am pleased to send you the Final Resolutions and Statements of Municipal Concern agreed to at our Fall Conference. These Resolutions and Statements have been sent to the Province for their consideration.

The Board meeting that occurs during our Fall Conference is a short one. I am pleased to provide you with the highlights of NSFM Board Report from our November 6, 2018, meeting. We ask that you include this report on your Council Agenda. We would be pleased to answer any questions that may arise or hear any comments and/or suggestions.

Also attached is the update on our initiatives report.

1. The report on the Fall conference stated there were 260 people registered, with 49 of the 50 municipalities represented. The Board is appreciative of the support for our premier event.
2. Resolutions for the 2018 fall conference were reviewed along with feedback received from members. Based on this feedback, the resolution regarding the equalization operating grant was changed to reflect a specific ask for an additional \$20 million over three years.
3. NSFM has been informed by the province the best mechanism to officially change the legislation to reflect our new name is through a Private Members Bill. The Board agreed to follow this approach.



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Phone: (902) 423-8331

Fax: (902) 425-5592

www.nsfm.ca

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NSFM Resolutions to the Province 2018-19

The following five resolutions are submitted by NSFM to the Province for consideration

- CAP
- Extended Producer Responsibility
- Municipal Funding
- Municipal Modernization
- Roads

These resolutions were voted on by the membership at the NSFM Annual Conference, November 8, 2018 out of a total of 10 possible resolutions considered by the membership. Each resolution was backed by an analysis of the issue, the identification of impacts on municipalities, and proposed actions. While the analysis may not be complete, it was drawn with input from members. During the resolution session with the full membership, the “therefore be it resolved clauses” were presented and in some cases revised with the support of the full membership. The final resolutions are presented below.

1. Capped Assessment Program (CAP)

Issue Identification:

The CAP is a significant issue for municipalities as it unfairly distorts the property tax system. For every dollar one person might save, another person pays, and evidence shows the people who need assistance the most are not necessarily the ones receiving it. It has created a situation where homeowners with similar houses with similar service can pay significantly different taxes. The CAP is discouraging the building of new homes as well as renovations to existing homes. The CAP program needs to be phased out or eliminated.

Background:

While the Partnership Framework signed in 2018 includes a commitment to review issues and make recommendations on proposed solutions, there has been no commitment to establish a joint municipal/provincial committee to identify and address the CAP issue.

The Province is looking to municipalities to raise the CAP issue with their residents. NSFM is

committed to working with municipalities to increase their education efforts on this issue.

Municipalities recognize any solution will need to support low-income property owners and protect against significant increases in assessment.

The Real Estate Association, along with the NS Home Builders Association, the Atlantic Mortgage Brokers Association, the Real Estate Lawyers of Nova Scotia and the Real Estate Appraisers of Nova Scotia have also requested the Province eliminate the CAP program. NSFM will be working with this group to explore solutions. In addition to the elimination of the program, other alternatives may be identified that minimize the harm of the CAP. It may be appropriate for a joint request to the Province to consider two or three options. For example, one possible option in addition to elimination of the program would be to increase the rate at which the CAP applies over time back to its previous rate of 10%, or its initial rate of 15%. The intent would be to submit a joint proposal to the Province with options to address the issues.

Impact on Municipalities

While this is a provincial program, municipalities are being asked by more and more residents why they pay more property taxes than their neighbour. New home buyers, whether first time buyers or seniors looking to downsize, are faced with higher property taxes than neighbouring homes, even though services are the same. Tax rates in many municipalities are higher than they would be if there were no CAP. Yet setting tax rates must be done knowing additional hardship may be imposed on those not benefitting from the CAP.

Proposed Action

The CAP program is wrong for many reasons and needs to be replaced with a better program that ensures low-income homeowners are not forced to sell their homes because they cannot afford the property tax.

Several municipalities have requested the opportunity to have a pilot program to demonstrate the impact of removing the CAP program. A resolution is recommended requesting the Province allow a pilot program.

CAP Resolution

WHEREAS the CAP program distorts the property tax system; and

WHEREAS it is not clear the homeowners most in need of property tax relief are the ones benefitting from the CAP program; and

WHEREAS municipalities are willing to offer pilot programs that will continue to meet the original objectives of the CAP program though a different approach; and

WHEREAS pilot programs can be evaluated to determine intended and unintended impacts of changes; and

WHEREAS a study on Municipal Property Taxation in Nova Scotia, by academic experts Harry Kitchen and Enid Slack recommended a phase-out of the CAP program;

THEREFORE BE IT RESOLVED the Province work with municipalities and other stakeholders to phase out the CAP program and provide better alternatives to protect low-income homeowners and those experiencing significant increases in residential property assessments; and

FURTHER BE IT RESOLVED that the Province enable pilot projects to be undertaken as soon as possible.

2. EXTENDED PRODUCER RESPONSIBILITY FOR PRINTED PAPER AND PACKAGING (EPR for PPP)

Issue Identification:

The Canadian Council of Ministers of the Environment committed to a Canada-wide action plan for extended producer responsibility (EPR) and a national strategy for sustainable packaging in 2009. Nova Scotian municipalities passed resolutions in 2010 and 2014 in support of EPR for printed paper and packaging (PPP). Nova Scotian municipalities spend more than \$25 million a year to collect and process blue bag materials, printed paper and packaging (PPP). Coordinated PPP recycling programs exist in many other provinces, but not in Nova Scotia. In other provinces, these programs are funded by the companies that produce PPP, who incorporate the

costs of the recycling programs into their national product pricing.

Because producers build these costs into their national product pricing, Nova Scotia consumers are already paying for the costs of the PPP programs operating in other provinces. But Nova Scotia consumers and municipalities don't receive any benefit for these costs because Nova Scotia has no PPP program. Implementing an EPR program to recycle PPP materials here in Nova Scotia will help to harmonize costs with other provincial EPR programs, and additionally generate a financial benefit of up to \$16 million per year.

Having those who generate the waste be responsible for disposing of it should provide an incentive to generate less waste.

Background Information:

Nova Scotia does have a few stewardship programs in place for products such as paint, tires and some electronics. There is also a diversion credit system for beverage container deposits which provides a stream of funding for municipalities and which should be maintained. In these specific cases, these programs are paid for by the consumer at the point of sale through the collection of environmental handling fees. The dairy industry also operates an EPR-style program for the recycling of some (though not all) of their containers.

However, the bulk of Nova Scotia recycling programs and services are funded through a combination of municipal taxes and/or the payment of tipping fees. In large part, these are collected through residential, commercial, and industrial property taxes. In the current system, municipalities typically have very little control over the costs associated with processing and marketing recyclable materials. In recent years, exposure to fluctuations in market conditions for plastic bags and plastic film has caused a noticeable strain on the Nova Scotian recycling system and Nova Scotian municipalities.

In 2015, UNSM held a workshop on EPR which provided information on how the stewardship program might work. Around the same time, concerns from small business and some municipalities were expressed. As a result, the Province indicated it would not move on EPR.

The Solid Waste Chairs committee met with the Province requesting EPR in 2016. The response from the Department of the Environment indicated a lack of sufficient support from stakeholders to move forward with EPR. The Province asked municipalities to take the lead in building a business case and creating the conditions for success.

Impact on Municipalities

Solid waste management services continue to be one of the most expensive line items for any Nova Scotian municipality. The total cost of these services for Nova Scotian municipalities in 2017, even after considering revenues from tipping fees and the sale of recyclables, exceeded \$91 million. At a cost of approximately \$94 per capita, Nova Scotian residents are roughly on par with citizens in other provinces for solid waste management costs. However, British Columbia, Saskatchewan, Manitoba, Ontario and Quebec have a form of fiscal relief we do not have: EPR.

There are several grants and programs that assist with the costs of solid waste management in Nova Scotia. In total, this assistance has averaged approximately \$8 million over the past decade. However, in 2017, due to fluctuations in the market price of recyclables and increased return rates, this amount dropped to just over \$6 million. And over this same period, expenses facing municipalities have continued to climb at a pace nearly tripling the overall cost of living, as measured by the consumer price index (CPI).¹

	2005	2015	% Change
Garbage and Collection Costs (all NS)	\$ 70,115,488	\$ 109,403,443	56.03%
CPI - Canada, All-items (2002 = 100)	107	126.6	18.32%
CPI - Nova Scotia, All-items (2002 = 100)	108.2	129.3	19.50%

Proposed Action:

EPR is a regulatory tool designed to drive industry to be financially and environmentally responsible for the end-of-life management of the materials they put into the marketplace. A full EPR model for Nova Scotians will build on the progress that has been made in recycling in Nova Scotia over the past 20 years and will harmonize with existing EPR programs across Canada. An EPR for PPP program for Nova Scotia will save Nova Scotian municipalities millions.

The Solid Waste Priorities Committee has been meeting with municipalities, numerous stakeholders throughout the province and with national businesses. The Committee has developed a framework for an EPR model for PPP based on the following objectives:

- Meet public demand for a sustained and improved NS Recycling system

¹ These data are collected from the 2005 and 2015 Annual Reports of Municipal Statistics published by Service Nova Scotia and Municipal Relations (2005) and the Nova Scotia Department of Municipal Affairs (2015).

- Increase efficiency of recycling programs
 - Collection
 - Education
 - Marketing of post-consumer materials
- Reduce the cost of managing solid waste in Nova Scotia
- Incent innovation in packaging design

The Priorities Committee has developed a proposed model (below) and is consulting with the business community to understand whether this model might work for them, and if not, what would.

- The EPR program should use existing infrastructure and human resources
- Municipalities would have right of first refusal for collection and education
- The program would maintain or improve upon the current level of curbside service
- The program would apply to residential PPP materials
- Time must be allowed for planning and transition
- A transition program would be provided by the Province for municipalities with redundant facilities
- Most small businesses would be exempt, including those:
 - With revenue under \$2 million
 - Supplying less than 1 tonne of PPP to Nova Scotia residents annually
 - With a single storefront in NS and who are not supplied by (or operated as part of) a franchise
 - Producing newspapers (except flyers) and registered charities
- The program would be harmonized with other Canadian EPR programs
- Monitoring and compliance must be in place to ensure a level playing field for businesses

The feedback received, and a proposed model, based on the objectives noted above, will be sent to the province for consideration. It is understood the province will make the final determinations on what the model will be.

This resolution will provide evidence to the Province of municipal support.

Moving to an industry-led model may have implications for municipalities who have invested in infrastructure to deal with waste from printed paper and packaging. Assistance in transitioning to the industry-led model should be made available.

EPR for PPP Resolution

WHEREAS municipalities have been abiding by the Solid Waste-Resource Management Regulations since 1995; and

WHEREAS these regulations hold municipalities solely accountable for proper separation of blue bag materials; and

WHEREAS municipalities must manage the risk of rising costs and fluctuating commodity markets for blue bag materials; and

WHEREAS municipalities' residential blue-bag recycling programs cost over \$25 million per year and are paid for primarily by municipal taxpayers; and

WHEREAS 80% of Canadian consumers live in areas where producers fund PPP programs by incorporating program costs into their national product pricing; and

WHEREAS Nova Scotia consumers are already paying the national product prices that support PPP programs in other provinces, but receive none of the benefits because Nova Scotia has no EPR program; and

WHEREAS the NSFM has developed a proposed model for EPR for PPP in cooperation with municipalities; and

WHEREAS EPR for PPP would significantly decrease both costs and risks associated with municipal curbside recycling programs;

THEREFORE BE IT RESOLVED that NSFM request the Province develop legislation and regulations, in support of a full EPR for PPP model as proposed by NSFM in consultation with municipalities and other stakeholders; and

FURTHER BE IT RESOLVED that the Province will provide a transition program to assist those municipalities who are left with redundant facilities.

3. Municipal Funding – 2017 Resolution

Issue Identification

The provincial assistance to municipalities to offset operating costs has been frozen for several years now, while operating costs continue to increase at rates higher than the Consumer Price Index. The analysis to date suggests those municipalities who need financial assistance the most to provide basic services at reasonable costs are not necessarily the ones receiving assistance. The formulas need to be reviewed and changed to assist those with low tax bases and high taxpayer burdens. The total amount provided is also insufficient.

Background:

The 2017 resolution pointed out the fact the formula and funding under the provincial equalization program (operating grant) had been frozen while a new formula was to be developed. The Partnership Framework signed in 2018 includes a commitment to work collaboratively to address the municipal equalization and provincial grant program. While NSFAM continues to take every opportunity to raise this issue with the Minister, the Department of Municipal Affairs is presently undertaking its own work to explore the issue. NSFAM recognizes there is a significant challenge if no new monies are allocated to the operating grant program – otherwise any changes would simply move funds from one municipality to another. In the meantime, despite increasing cost pressures the equalization grant has been frozen. While this work needs to continue, immediate financial relief is needed.

Municipalities continue to face increasing cost pressures, many of which are downloaded to them from the Province. Resolutions dealing with cannabis and surplus schools have a significant financial element. In the absence of a new operating grant program, and in the absence of new municipal revenues, a new resolution for 2018 should be put forward, with the aim of bringing some financial relief to municipalities. Three areas were identified: mandatory education, the level of funding in the equalization program; and the need to help municipalities comply with provincial accessibility legislation.

The issue of mandatory payments for education, corrections, and housing must be addressed. Last year over \$240 million was collected from municipalities through property tax, about 20 per cent of the property taxes collected. The amount increases each year as assessments rise, and there is some evidence to show the share of education costs paid for by property taxes has been increasing over time. For many municipalities, these mandatory payments are one of the top three expenses in their municipal budget.

Education is a provincial responsibility and municipalities have no say in how these payments are spent. While the Province has not changed the formula for determining mandatory education payments, payments have continued to rise as assessments rise. Furthermore, when taxpayers default on their property taxes, the municipality remains responsible for their share of the mandatory education payments, which means other property tax payers must pick up the difference - this should be absorbed by the Province. The resolution requests mandatory education payments be frozen at 2017 levels for each municipality, and where taxpayers default on their property taxes, the portion related to mandatory education should be deducted from the amount assigned to the municipality.

The equalization program is an operating grant and is intended to help municipalities provide services at a more reasonable tax burden. Most of the funding for the program comes from the NSPI payment in lieu of taxes, not the Province. The portion coming from NSPI increases each year. It is not clear if provincial funding is being maintained. At the very least, the amount in the program from the province should be increasing by the consumer price index. Ideally it should be raised to the level where all taxpayers are paying a reasonable amount for basic municipal services.

Provincial legislation on accessibility requires municipalities to establish advisory committees and develop plans to ensure their communities are accessible by 2030. The legislation covers the built environment and includes information as well as other areas that may impact municipalities. The new federal infrastructure program does not appear to include renovation projects for existing facilities to become accessible, unless they are part of a bigger project. Provincial funding to date has been quite limited. Costs will not only be incurred with respect to built assets, but could also involve website changes and changes at public meetings to ensure the information can be shared with all persons with disabilities. Municipalities want to comply with the legislation, however costs will become an issue. Financial assistance from the province to support their legislation is needed.

Impact on Municipalities

Municipalities, faced with increasing costs, regulations and responsibilities have only two choices – cut services or raise taxes. Municipalities are required by law to have a balanced budget.

Proposed Action

In recognition of the provincial financial situation, municipalities do not expect all of their financial issues to be resolved in the short run. Steps to address insufficient funding need to be

taken now. In the short run, the resolution focusses on specific financial requests that address both fairness issues and the need for immediate relief.

Municipal Funding Resolution

WHEREAS operational costs continue to rise due to factors beyond municipal control, and provincial financial support has not kept pace; and

WHEREAS one in five property tax dollars collected by municipalities are transferred to the Province;

WHEREAS the legalization of cannabis is creating a new revenue source for both the federal and provincial governments, yet municipalities are incurring a significant portion of the associated costs

THEREFORE BE IT RESOLVED that the Province freeze mandatory education payments for each municipality at 2017 levels; and

FURTHER BE IT RESOLVED that the Province increase its annual funding for the municipal equalization program by \$20 million over three years, beginning in 2019; and

FURTHER BE IT RESOLVED that the Province of Nova Scotia cost share 50/50 in all municipal projects required to comply with the Accessibility Act, if those projects do not receive other funding, beginning in 2019; and

FURTHER BE IT RESOLVED that the Province provide municipalities with a substantial share of all the related tax revenues being generated through the sale of cannabis.

4. MUNICIPAL MODERNIZATION

Issue Identification:

As community needs evolve, and technology advances, the opportunities for municipalities to collaborate and work together could lead to enhancements in the quality of life of their citizens. Efficiencies may be found and the ability to do more could be increased. Yet the *Municipal Government Act* supports competition between and amongst municipalities. New tools are

needed for those municipalities who want to be more innovative in growing and supporting their communities.

Background:

The Partnership Framework identified the development of a municipal modernization strategy to support municipal cooperation and regional governance. Included in the concept were changes to the MGA/Halifax Charter; regional planning and minimum planning standards; municipal equalization and provincial grants; and the creation of economic development tools. While this was not a specific resolution in 2017, the Towns Task Force and the Fiscal Review both called for assistance in supporting greater collaboration.

The Province has recently passed legislation requiring minimum planning standards and this is a positive first step in encouraging municipalities to plan together.

As well, the Province passed legislation supporting a new approach for Windsor and West Hants. This reflects a willingness to support the expressed desires of specific municipalities.

This work needs to continue. Municipalities need more help to explore new ways of working together. Many have identified opportunities and a willingness to work together, but need assistance in facilitating discussions, analyzing options, and developing necessary documents to establish new mechanisms. Staff time is often limited, requiring new positions or backfilling for existing staff. A flexible funding program that would provide targeted assistance, suited to each circumstance, to those willing to develop new approaches would be of great assistance. Where efforts are being made to collaborate, support should also include evaluation of the efforts made and identification of lessons learned, to be shared with others in the future.

Impact on Municipalities

Many municipalities are struggling financially to meet the needs of their communities. Staff time is typically fully allocated to maintaining services. Freeing up resources to explore new innovative ways of working with neighbouring municipalities is a challenge and is often impossible.

Proposed Action

The Province should provide additional resources to the Department of Municipal Affairs in support of this initiative.

Municipal Modernization Resolution

WHEREAS municipalities recognize opportunities to accomplish more together and are willing to find new ways of collaborating; and

WHEREAS individual municipalities are often limited in resources to appropriately pursue these opportunities; and

WHEREAS there may be numerous barriers that hinder collaboration; and

WHEREAS all municipalities will benefit from lessons learned in collaborative efforts;

THEREFORE BE IT RESOLVED that the Province provide human, material, and financial resources in the 2019 budget or before, to those municipalities willing to collaborate, based on the specific needs of those requesting assistance.

5. Roads – 2017 Resolution

Issue Identification: The Service Exchange Agreement in the early 1990s raised issues around the responsibilities and funding for roads without resolving the them. Provincial roads in rural municipalities are deteriorating without appropriate maintenance and funding to rebuild. Roads in towns are funded wholly by them, despite the fact the arterial and collector roads within their boundaries are essential to the provincial road network. This creates a significant burden on town budgets. Provincial and municipal responsibilities are lacking in clarity and fairness and funding is insufficient.

Background:

The Partnership Framework committed the Province to work with municipalities to identify options for an appropriate road network throughout Nova Scotia, supporting safety, economic development, and continued viability of communities. To this end, a joint committee is being struck with the Department of Transportation and Infrastructure Renewal (TIR) and will begin work in October.

This committee will begin with a review of the current service exchange agreement as well as the agreements between individual municipalities and TIR. It is expected that the key outcome of reviewing these agreements will be a proposal for a new agreement. This new proposed agreement will clarify the ambiguities identified in the old service exchange agreement during

the 2017 resolution process and should lay out a plan for addressing road issues.

It is intended that the work of the committee will result in a long-term program that will address municipal issues regarding roads and transportation. It will assess the issues to determine which should be addressed in the short term and long term, and identify necessary actions and resources required to address the issues. It will develop recommendations based on research and consultation with municipalities. It is intended this committee will be an ongoing forum to discuss the many issues related to roads and transportation.

Impact on Municipalities

Rural municipalities hear numerous complaints about provincial roads in their communities. The interpretation of policies and funding seems inconsistent throughout the province, and it appears to many that cost-sharing is a requirement if a road is to be fixed. Even those who are willing to cost-share are frustrated as the amount of provincial funding available is insufficient to meet the demand. Many roads are deteriorating further.

For towns, the issue of funding for provincial arterial roads and collectors is a long-standing one and represents one of the biggest differences between rural and town municipalities. The province has been known to lift the snow plow blade up as the snowplow travels through the town. Roads are a significant cost for towns.

Proposed Action:

Immediate financial relief for roads is required in 2019 or before.

Road Funding Resolution:

WHEREAS Towns are responsible for the cost of maintenance and capital improvements with respect to all roads within their municipal boundaries, including roads of joint benefit to the Province and towns, such as arterial and collector roads, for which the Province does not share costs; and

WHEREAS Rural municipalities make financial contributions to the Province for the maintenance of J-Class roads, and there is insufficient provincial funding to maintain these roads; and

WHEREAS a strong road network is essential to the Province and its residents for

economic, social, educational, and health reasons, and increased investment in roads is required;

THEREFORE BE IT RESOLVED the Province provide equitable funding to Towns and Municipalities containing former towns for shared arterial and collector roads in the 2019 Budget or before; and

FURTHER BE IT RESOLVED the Province increase its transportation budget for J-Class roads in the 2019 Budget or before; and

FURTHER BE IT RESOLVED the Joint Provincial-Municipal Committee on Roads develop a proposed new funding agreement and plan by the end of June 2019.

NSFM STATEMENTS OF MUNICIPAL CONCERN

2018-19

As part of the NSFM resolution process, members are asked to identify areas of concern and priority. The topic must have the support of more than one municipality, and the topic is researched to clarify the issue, analyse the impact, and to identify what the province could do to address the concern. This year, 10 topics were put forward as possible resolutions, to be voted on by the members at the annual conference in November. Those topics that are not successful in being one of the top five, are nevertheless forwarded to the province as a statement of municipal concern. The intent is to create awareness at the provincial level of the issue, without specifically asking the province to respond directly to the request.

These are forwarded for the information of Ministers, to increase awareness of the issue.

The Statements of Municipal Concern for 2018-19 are:

- Municipal Responsibilities
- Policing
- Surplus Schools
- Sustainability and Infrastructure Support Funding.

For each issue a description is provided, along with an analysis of the impacts on municipalities. While there is also information on possible actions, these are not specific requests at this time.

1. MUNICIPAL RESPONSIBILITIES

Issue Identification:

Municipalities have been granted few revenue sources, and property taxes remain the primary source to pay for municipal services. As municipal responsibilities have grown, revenue sources have not. If municipalities are to continue to meet the needs and expectations of their citizens, the property tax burden will become unbearable for many.

Background Information:

At Confederation the provinces were given the responsibility for municipalities and property tax was established as the primary source of taxation. Since that time, the responsibilities of municipalities have grown, some through downloading, others through a willingness to better serve their citizens. The ability of property taxes to remain as the primary source of revenue for municipalities needs to be examined.

Already many Nova Scotians are paying more than 5% of their household incomes on property

taxes. Municipalities are being challenged to replace aging infrastructure, build new infrastructure, respond to increasing regulations, and accept new responsibilities for traditional provincial services such as doctor recruitment and internet. Revenue potential is decreasing as our population ages and declines and as global forces change the economy. Demand for commercial property could well decline as retail space gives way to online shopping and as artificial intelligence impacts the need for workers in offices. The impact on property tax is not known, but chances are it will reduce property tax revenues.

Municipalities need to begin work now, with the Province, to develop a long-term path to sustainable communities. This means revisiting the relative roles and responsibilities between the Province and municipalities and revisiting the revenue sources available to municipalities. The problem is not going to solve itself, and it will take some time to solve the problem – it will not be solved in the short run.

Impact on Municipalities:

The ability of municipalities to address the infrastructure needs in their communities varies. Towns provide more services (typically) than rural municipalities, although there are often pockets within rural municipalities where services are like those of towns (indeed some encompass former towns). Development patterns are changing the responsibilities of rural municipalities, at the same time having distinct and measurable impacts on towns. The lines between urban and rural, or towns and rural municipalities, is blurring. Boundaries established 150 years ago, when services were delivered based on how far one could travel in a day by horse and buggy, may no longer be serving us well.

The need for new infrastructure and for replacement of existing infrastructure is understood, but the size of the infrastructure gap in Nova Scotia is not. The number of applications being submitted under new funding programs from the federal and provincial government suggest the demand could be ten times the available funding, recognizing that applications typically only represent the top priorities. Although the strain of funding infrastructure is shared by all three levels of government, municipal governments across Canada spend, on average, a little under 50 per cent of each infrastructure dollar in the nation. Furthermore, it is municipalities that are most typically the last recourse for funding: if sewer pipes are failing, and people are leaving communities that lack community and recreation opportunities, it is the municipality that is expected to solve the problem—and no one wants to pay more taxes.

An analysis of the municipal financial condition indices provided by the Department of Municipal Affairs indicates the financial tax burden is higher in towns, and that the ability to put funds away in capital reserves is a struggle. While work is being done with the Province on

several of the larger issues (roads, housing, physician recruitment) and a review of the Province's operation grant is being undertaken, there needs to be work done on understanding the future of property taxes and the extent to which this form of taxation can reasonably be expected to cover local services.

The Service Exchange Agreement has not been reviewed in the 30-plus years since it was introduced. In the meantime, municipal costs in policing, fire services, solid waste, water and wastewater have been increasing faster than the consumer price index, with municipalities having little control over those costs. Shared infrastructure is an opportunity to reduce the cost burden, and while there are many examples where municipalities are working together, more of these instances need to be encouraged and/or facilitated. This can be supported through incentives and expertise to facilitate intermunicipal agreements.

While it is understood the Province also levies high income taxes, and has high demands on its services, it should be equally understood that local services are just as important. If local services can't be paid for through property tax, everyone loses, the Province included. It is time now to look at what the infrastructure gap means, what responsibilities municipalities have, and how we can continue to provide the local services communities expect.

Proposed Action:

The problem of what should, and what should not, properly be understood as a municipal responsibility is large and complex and will take time to understand. Before a review of municipal responsibilities is undertaken, the ability of property taxes to pay for the status quo into the future needs to be understood. Once the capacity of property taxes is better defined, the gap can be identified. To begin the work, it would be helpful to conduct research on the future trend for property taxes, and what can be expected to the average homeowner's tax bill

2. POLICING COSTS

Issue Identification:

The rising cost of policing is one of the greatest concerns faced by Nova Scotian municipalities. In 2005, Nova Scotian municipalities spent \$1.31 billion on policing. By 2015, this total had increased to \$2.16 billion. This equates to a 64.8 per cent increase, which exceeds the 19.5 per cent increase in the overall cost of living during the same period measured by the consumer

price index (CPI), as well as the 18 per cent growth in GDP in Nova Scotia over the same years.¹

	2005	2015	% Change
Policing Costs - Towns	\$ 24,384,285	\$ 37,460,629	53.63%
Policing Costs - Rurals	\$ 25,505,833	\$ 40,491,931	58.76%
Policing Costs - Regionals	\$ 81,727,890	\$ 138,932,779	69.99%
Policing Costs - Total	\$ 131,618,008	\$ 216,932,779	64.82%
CPI - Canada, All-items (2002 = 100)	107	126.6	18.32%
CPI - Nova Scotia, All-items (2002 = 100)	108.2	129.3	19.50%

Background Information:

Nova Scotian municipalities provide policing services under three models: municipal police forces; RCMP service through a direct contract; or RCMP through the provincial RCMP contract. NSFM currently shares municipal concerns about policing services with the Nova Scotia Department of Justice (NS DOJ) through two committees. One is a committee that discusses municipal experiences under the RCMP contract. The other is advisory committee to the department on general policing matters. These committees have not been active.

Policing is an essential service necessary in providing safety and security to citizens. The rising cost of policing services, however, constitutes a tremendous pressure on municipal elected officials, who often feel powerless to counteract these cost increases.

One reason for these cost increases is that wages make up the bulk of policing costs, and wages are typically set by arbitrators. When arbitrators decide on wages, they usually duplicate police wage deals from other communities who may or may not be in the province. There appears to be little or no consideration for the property tax burden on home owners in the community. As a result, many municipalities see continually rising policing costs as proof that the arbitration process is broken. Police officers should be paid a fair wage, however the burden on tax payers should also be fair.

There are other factors contributing to the rising police costs. These need to be understood, and new approaches found that will continue to support safe communities but that may be efficient, with potential savings to municipalities.

¹ These data are collected from Statistics Canada and the 2005 and 2015 Annual Reports of Municipal Statistics published by Service Nova Scotia and Municipal Relations (2005) and the Nova Scotia Department of Municipal Affairs (2015).

Impact on Municipalities

If policing costs continue to increase at such high rates, municipalities will need to cut other services or raise taxes.

Proposed Action:

Not only does the arbitration process need to work, but it also needs to be seen to work. Change must be collaborative, and workers and employers must both work towards their goals in good faith. Arbitration should respect the interests of both employers and employees; help to provide value to citizens receiving police services; and be seen to do both these things. To these ends a few possible solutions might be explored:

- Arbitrators should be required to consider a community's ability to pay as well as agreements negotiated with other local municipal employee unions (such as Public Works, Fire, Support staff), and other workers in the broader public sector and in the community. Furthermore, the specific ability to pay to be considered must be that of the tax burden for residential ratepayers, and not the theoretic ability of a municipality to continuously increase residential tax rates.
- Municipalities and the Province could consider a centralized arbitration service that is openly made available to employers but voluntary in terms of participation. When individual units negotiate separately with individual police unions, leapfrogging occurs - one employer makes a concession or increase that is then replicated by others. At arbitration, these become the comparators and the spiral continues.
- Police services could be carefully examined to identify opportunities for alternative resources, including civilians, technology and outsourcing. The focus should be on program outcomes and budgets, and not on arbitrary limits on the size of the police force. There should be no ideological or other bias towards or away from civilian delivery of services. We need the flexibility to use civilians for some duties that don't require a uniformed and armed officer.
- Advocacy work could be done at the provincial and federal levels for sharing those costs that are related directly to responsibilities downloaded by them, such as cannabis, mental health, policing of international waters and national security.

Asking arbitrators to consider a community's capacity to pay is a specific and attainable request that will help to mitigate the sharp increases in policing costs experienced by Nova Scotian Municipalities. This solution is also likely to go a long way towards restoring municipal faith in the arbitration process

Adding an ability-to-pay consideration to arbitration is not likely to be a long-term solution for policing costs. It may be effective in meeting short-term fiscal targets, but longer-term action will require co-operative approaches that can drive institutional and system-level change. To this end NSFAM needs to continue to work collaboratively with the NS DOJ and the Nova Scotia Association of Police Governance boards to identify opportunities for service delivery opportunities and cost containment on the Joint Police Services and Community Safety Advisory Committee. The committees need to become more active and identify further solutions. As this work progresses, additional resolutions might be appropriate.

3. SURPLUS SCHOOLS

Issue Identification:

The cost of demolishing schools declared surplus has become a significant burden for several municipalities. In a few cases, the burden is simply unmanageable.

Background Information:

Prior to 1982, municipalities were responsible for school board operations and were therefore responsible for the construction and maintenance of schools. When the responsibility for school boards was transferred to the Province, legislation granted school boards control of the school assets. Schools built after 1982 are provincial assets.

There exist some 400 schools throughout Nova Scotia, and about half are owned by municipalities. The Province's position has been that when these schools are declared surplus, they revert to the municipality. In the former school boards in Halifax, South Shore and Tri-County, more than half of the schools are municipal. In Annapolis Valley and Chignecto-Central, less than a third are municipally owned. The implications of surplus schools are not equal throughout Nova Scotia.

Section 93 (1) of the *Education Act* states that where land and buildings (previously owned by a municipality and that have been vested in a school board) are declared surplus, the municipality shall have the option of having the surplus land and buildings re-conveyed to it. Although several municipalities have raised this section of the Act, the Province continues to insist municipalities do not have a choice and must assume responsibility for the surplus schools.

In several cases, municipalities have willingly agreed to resume responsibility and have been able to transform the schools for other purposes. In other cases, the location of the school, the state of disrepair, and the financial circumstances of the municipality hinders the opportunity

to make use of these facilities and the only course of action is to demolish the school. Vacant schools are a liability to municipalities and there are concerns about public safety should they remain vacant.

Impact on Municipalities

For those who face a school closure, the cost implications can be significant. Many of these schools have not been maintained to a level that renders them usable for other purposes, and may have mould, mercury switches, or other hazardous features. Building codes were not always followed, and schools being handed over often lack any plans or drawings, or any information about services or utilities. Some locations have environmental issues due to buses being parked, serviced, and maintained on the lands, and some contain asbestos products and lead paint.

Examples of recent estimates to demolish a surplus school are as follows:

- CBRM: 7 surplus schools since 2015, with costs to demolish ranging from \$40,000 – \$250,000 and a total cost for the 7 schools of \$1.3 million.
- Town of Pictou: estimated cost \$500,000 for one school.
- Annapolis County - \$700,000 - \$1 million estimate for one school
- District of Lunenburg – current cost to date for three schools is \$497,775.88 and counting, with \$2.5 to \$3.0 million in additional expenses expected for two large schools yet to be demolished.
- Mulgrave \$350,000 – \$500,000 for one school.
- Municipality of Pictou – over \$500,000 for one school.

In some cases, the value of the land is such that it can be sold to other interests, and revenues may offset the cost of demolition. In other cases, the municipality can find funding and/or partners who are willing to share in the investment required to repurpose the property. Since these lands and facilities were built with taxpayers' monies, the municipality should be able to decide the best future for these lands.

In those cases where the municipality refuses the offer for the surplus school, the facility should be demolished by the Province and the land returned to the municipality. The decision to not maintain or close the school was not the decision of the municipality.

It should also be noted property taxpayers contribute over \$250 million annually to the Province for education. This amount is collected by municipal governments and transferred to the Province. It is estimated the mandatory education payments represent close to 20% of the province's education costs. It is not fair to ask property owners to pay more.

Proposed Action:

The Province needs to abide by the Education Act and offer municipalities the right to refuse to assume ownership of a surplus school, with enough time provided to allow municipalities to conduct a thorough analysis of the options.

For those municipalities that are not interested in taking ownership of the surplus school, the province should be responsible for demolishing it and for ensuring the site is environmentally safe.

Given municipalities did not have control over the use of these sites, costs associated with any environmental damage should be assumed by the Province.

As well, given the municipalities did not have control over the maintenance of the school, the province should assist the municipality with costs required to make the school usable for other purposes.

4. SUSTAINABILITY & INFRASTRUCTURE FUNDING SUPPORT

Issue Identification

Numerous funding resources exist for municipalities to make their operations more efficient, strengthen their infrastructure planning initiatives and increase their resiliency to our changing climate. However, despite the availability of programs, a significant number of Nova Scotia's municipalities lack the capacity and/or time to access them.

As a provincial association, NSFAM is well positioned to support municipalities in accessing available funding to foster the adoption of innovative and strategic approaches to managing their operations and infrastructure. NSFAM could play a key role in identifying appropriate projects and sources of funding, and opportunities to partner with other municipalities on initiatives that are mutually beneficial but lacks the resources to do so.

Background Information

Over the next 10 years, Nova Scotia will receive \$828 million in federal infrastructure funding through the *Investing in Canada Plan*. This program will offer funding for green infrastructure, public transit infrastructure and community, culture and recreation infrastructure. To access the funding, municipalities will have the added requirement of applying a "climate lens" to

applications for major infrastructure projects, where they will need to undertake an assessment of how projects will reduce carbon pollution and better withstand the impacts of climate change.

In addition to the *Investing in Canada Plan* opportunities, the Federation of Canadian Municipalities (FCM) has funding to support sustainability, infrastructure and climate change initiatives. Its main funding program is the *Green Municipal Fund*, which supports projects that improve air, water, soil and reduce greenhouse gas emissions.

Although these programs are available to communities across the country, Nova Scotia's municipalities are often under represented as funding recipients. To position our municipalities to take advantage of these opportunities, NSFAM could support municipalities (which may otherwise not have the in-house capacity) in securing funding for sustainable infrastructure planning, green innovation and climate change initiatives. NSFAM could also help identify and facilitate strategic investments and inter-municipal approaches to ensure Nova Scotia capitalizes on the funding in the best possible manner.

NSFAM could create an in-house position. NSFAM would focus on helping municipalities identify and access funding to support initiatives designed to mitigate current and future climate risks as well as those that lead to the adoption of new and sustainable approaches to infrastructure planning.

Through the development of resources, training opportunities and knowledge sharing events, NSFAM could help streamline the application process for municipalities and position them to be successful applicants. Recognizing that local leaders know what is best for their communities, NSFAM could work with municipalities to identify innovative solutions to make their communities more sustainable that also fit within the program requirements. To make the most of available resources, NSFAM would also look for opportunities for municipalities to partner in circumstances where they would benefit from regional or collaborative applications. This would not only ensure that funding programs are as impactful as possible, but also make limited resources go farther.

Impact on Municipalities

NSFAM could play a coordinating role in helping municipalities secure funding that they otherwise would not have the capacity to access. This support would help municipalities make the most of programs that mitigate current and future climate risks and enhance infrastructure planning and service delivery. Without this resource, municipalities might miss important opportunities to advance their communities.

Proposed Action

Funding needs to be found to cover the cost of creating a Sustainability & Infrastructure Funding Support position within NSFM (funding for the position would cover salary, benefits, resource development, coordination of events, travel, etc.). Because this position would provide value to both municipalities and the Province, in terms of meeting shared goals relating to environmental and infrastructure sustainability, NSFM would seek financial support from the province, which may come from the administration fees from the federal programs, or some other alternative might be found. Funding should be ongoing for 3-5 years.

The main services that could be provided through this position include:

- Coordinating knowledge sharing and educational opportunities about existing funding programs and resources
- Assisting municipalities in preparing to apply for eligible funding programs
- Supporting municipalities in seeking innovative project ideas and applications to facilitate strategic infrastructure and sustainability planning
- Facilitating networking opportunities to share best practices and successes among municipalities
- Facilitating collaboration among municipalities where it creates economies of scale and shared benefits to develop regional/collaborative applications
- Liaising with Infrastructure Canada, the Province of Nova Scotia, FCM and other organizations to remain current on existing resources and opportunities.



NOVA SCOTIA
FEDERATION OF
MUNICIPALITIES

Board Initiatives Report – November 2018

NSFM Vision: Effective local government and strong, sustainable communities

NSFM Mission: To enable effective local government for Nova Scotia's communities by facilitating strategic advocacy, education and collaboration

Initiatives

1. Partnership Framework

A report on the progress under the Partnership Framework was approved at the Ministers Roundtable meeting with the NSFM Executive on October 30, 2018. The report was distributed to members on November 5th and is on the NSFM website under the Advocacy tab.

2. Report on 2017 Resolutions

CAP: revised resolution being put forward for 2018 to reinforce the need to address this issue and to allow pilot projects. NSFM is working with a number of stakeholder to assess if there is support for proposing alternatives to the province in addition to the option of phasing out the CAP program. A meeting is being scheduled with stakeholders for later in the month.

Review of Equalization: Issue has been discussed with the Minister of Municipal Affairs who is reviewing the file to determine next steps.

Internet and Cell phone connectivity: A workshop on internet was held October 11. NSFM members heard more about the provincial and federal initiatives, about municipal initiatives and the ways municipalities can support internet initiatives. Develop Nova Scotia will be releasing its strategy to address the issue province wide in the near future.

Roads: A Joint Committee on Roads is being formed and NSFM members are being invited to serve on the committee. NSFM Committee member is Councillor Lennie White, Westville. AMANS representatives are Greg Herrett, Amherst and Chris McNeill, Queens

Physician Recruitment: NSFAM continues to work with the Advisory Committee to the Nova Scotia Health Authority on Recruitment. Meetings are re-starting in November.

3. **Housing and Seniors**

The Joint Committee on Housing is being formed. NSFAM members include Mayor Anna Allen, Windsor, and Councillor Jack Fancy, Queens. AMANS representatives are Keith MacDonald, Inverness and Maggie MacDonald, Halifax.

Staff are also working with the Department of Seniors to develop terms of reference for a joint committee to address opportunities under the SHIFT program.

4. **Cannabis Legalization**

NSFAM continues to raise the need for new revenues for municipalities to address the implications of the legalization of cannabis.

The NSFAM/AMA Municipal Cannabis Working Group has been meeting to discuss the implications to NS municipalities. Training in preparation for legalization and implications for the workplace is being launched. Discussions continue on the implications for planning, bylaws etc.

5. **Asset Management**

NSFAM has developed two online resources to support municipalities in understanding and implementing sound asset management practices, which will help them make informed, proactive infrastructure and budget decisions based on the priorities and needs of their communities. On October 31, NSFAM launched the following courses to support municipalities with their asset management planning efforts:

The Basics of Asset Management for Elected Officials to provide elected officials with a simple and clear understanding of asset management and how to use it to inform infrastructure decision making and improve service delivery (cost: \$175.00)

The Data Collection Standard Operating Procedure Guide for Linear Assets to provide an overview to the first set of tools developed through the *Nova Scotia Asset Management Program* by the Province of Nova Scotia for linear data collection (cost: Free)

NSFAM recently opened its registration for its workshops on *Integrating Climate Considerations into Asset Management Planning*. The purpose of these workshops is to help municipalities incorporate climate risks into their asset management planning practices. NSFAM is working with a local group – ClimAction Services – to offer these workshops, which are aimed at enhancing local asset management practices by providing municipalities with the information and tools they need to include climate considerations into their long-term infrastructure planning. Doing so

will help position municipalities to take the necessary steps to proactively adapt their assets to climate risks.

6. Upcoming Events

- AMANS' Financial Management 3 Workshop, November 22nd & 23rd, Location To Be Determined
- NSFAM's *Integrating Climate Considerations into Asset Management Planning* Workshops: November 26 (HRM) and November 28 (Middleton)
- AMANS Leadership Training: Leading in the Grey, November 29-30, Dartmouth