Municipality of the District of Argyle	Item: Service Exchange – Provincial proposal and consultation Date: August 23, 2023

Vision statement

Argyle is the community of choice to invest, live and play.

Mission statement

Argyle invests time & talent in growth opportunities in fishing, tourism, and renewable energy sectors.

Argyle provides affordable taxation while providing safe and healthy communities and strives to engage and inform our residents on decisions that affect them most.

Argyle provides high class, accessible recreational and cultural facilities and helps celebrate its unique heritage and culture and welcomes new residents to our region.

CAO's Recommendation:

That Council endorses all recommendations but one proposed by the Province of NS and NSFM as proposed in the shared services proposed agreement and encourage provincial approval at the fall sitting of legislature. Further, the Council request additional clarity of purpose and application of the local road recommendations prior to endorsement.

Suggested motion:

That Council request additional clarity of purpose and application of the roads recommendations as proposed in the Shared Service Agreement prior to endorsement. Further, that Council endorses all other recommendations proposed by the Province of NS and NSFM as the first phase of a long-term shared service agreement and encourages the province to present those recommendations in the fall sitting of legislature.

Background:

There is a history associated with shared service agreements. The last shared service agreement was introduced and eventually implemented in the late 1990's. In today's perspective, this is a long time before services are reconsidered. There have been many services shared over the years that were not incorporated in the last agreement. Major shared services in the nineties included the shift of community services from the municipalities to the province, with some transfer of roads responsibilities, and financial tradeoffs in education, community services and corrections to name a few.

Since then, services have shifted. Responsibilities around building and fire inspection, regulations on wastewater requirements and many other services have been led by the municipalities. There have been several services that municipalities have taken on over the years without an official shared services discussion. Some at the request of the province and others by the municipalities themselves if they saw a gap in a service important to its community. Recently, these responsibilities have become larger and larger, health and housing to name a few. While some would define it as downloading, there is no doubt that whatever the issue, municipalities are asked to respond, and intersect provincial services regardless of who is responsible, when it is in the best interest to the community Council serves, and at times when it is not convenient for us. Future government services depend on the ability of all levels of government to apply their effort, talent, and resources to achieve growth and improvement.

Municipalities have participated in many subcommittees, which were created to work with the province to recommend service and financial improvements. The Fiscal Review and the Roads committees are two examples. The result has never been successful in obtaining additional funding. The province is presenting, for the first time in my own 18-year career, a funding option to assist municipalities, and the beginning of a path to ongoing adjustments to support municipal government. We should consider these recommendations seriously, not as a great deal for municipalities, but a good deal that allows for short-term gains and the potential for further positive conversation.

Under previous shared service negotiations, a Guiding Principles document was created which outlined the intentions of both parties prior to a negotiation. In this case, the basis of adjustment is less of a shared service arrangement, but more of a response to the NSFM survey that was issued, which asked specific questions around services provided by the province and by Municipalities. While it is still considered a shared services discussion, the result appears slanted towards assisting municipalities who have been paying for provincial programs and waiting impatiently for the new Financial Capacity Grant (equalization) to be recalculated.

<u>Summary of shared service exchange – Municipality of Argyle and provincial considerations</u>

Revenues

The Municipal Financial Capacity Grant (MFCG)

The MFCG **(**formally known as annual equalization funding) has been frozen for many years (about 10). It will be unfrozen and redefined. The formula will be modernized, separating commercial and residential considerations, and including additional elements in its complex calculation (basically including more recreation and other costs). The actual details of the change are attached. It should be noted that the town (additional) grant of $50,000 per town shall be eliminated.

The result of this new formula is a modest increase from $154,923 to $184,718. The total impact for all municipalities is attached, as well as the one specific to Argyle. This amount would remain at that level for 5 years and be reassessed at that time. There is no new funding for this funding program, and when there's no more money and the calculation changes, there are winners and losers. To smooth the transition, the 17 loser municipalities will be topped up to meet their old equalization amount. In short, this top-up will cost the province 3.3 million a year. The province prepared a one-page financial impact of the MFCG, housing and corrections (included).

Pros

- While the province says there is no more money, there is more money. 3.3 million per year for 5 years is not a lot, but it is intended to top up the 'losers' in this calculation. Please keep in mind that there are winners in this calculation also, who have long been receiving a smaller grant, and some municipalities who never received any funding now do.
- Additional municipalities take advantage of this grant than in the prior calculation.
- MODA benefits by $30,000 per year for 5 years at least. That's about .75 of a cent on the rate per $100 of assessment. Not large, but an increase, nonetheless.
- The basis of the calculation makes more sense than the older version. I was involved in examining the alternative logic calculations, and this version is reasonable, and includes services that ought to be included as they are basic services that we must provide.
- Adding additional funds significantly benefits the larger units such as CBRM. The decision to add other funding options (or eliminate costs) is a far more inclusive approach to the overall benefit to municipalities. *(Note, CBRM may well be entitled to more money, that is outside the scope of this assessment. The point here is that it is so much larger and different than other municipalities that it would skew the calculation in their favor at the detriment of other units.)*
- Review after 5 years ensures that any omissions or errors once it is in practice are addressed.

Cons:

- Other than top up there is no additional money. (Also, a pro).

- Funding heavily favors CBRM over other municipalities (45% of the total grant).
- Sharp decreases and increases in municipalities limit some of the increases in smaller municipalities.

Overall:

The recommendation on the new MFCG grant supports a more logical calculation than its precious model. And while there is no additional money for it, consider that 45% of any increase would go to one municipality. The focus on expense avoidance as proposed by the province (see below) is more inclusive and preferable to sharp funding increases to this program. Overall, the pros of this new calculation are far more significant, and it is recommended that MODA **endorse** these recommended changes.

Capital Infrastructure funding

Infrastructure funding has been introduced as "new" funding. A 15-million-dollar (annual) fund shall be created, as an application-based program. Details are still being ironed out, but the intention is to support and leverage other federal application programs, such as the Investing in Canada Infrastructure Program (ICIP) or other funding that the federal government announces. While the Province typically supports these programs anyway, there's an argument that it isn't new money. However, in participating in the consultation session, it was noted that this funding is designed to pay both the provincial and municipal percentage of a project. Typical funding in a federal program is 50% Federal, 23% provincial and the remaining municipal. In the new model, if your municipality was successful in an application, the intention is to fund the project 50-50% federal and provincial. This is a savings to the successful municipality.

In short, it is targeted, and aims to reduce municipal costs on capital projects, up to the budget limit of 15M. The eligible projects are to be determined but would likely be wastewater and water projects that enable housing growth. It is surely designed to support provincial priorities.

Pros:

- This is an additional financial tool for municipalities.
- Funding an entire 50% of a project is a new concept, this would eliminate the municipal contribution to a project, and this is something that has been pushed at the national level. This response is very favorable for municipalities if they are successful.
- 15 million annually for 5 years = $75 million, which is a start in the right direction to support municipalities in their infrastructure needs.

Cons:

- Municipalities may not see this as additional income, as it is standard practice for the province to fund ICIP and other federal funding streams.
- Smaller municipalities will be at a disadvantage in an application-based field, application talent and funds required to create a suitable application favor the larger, more lucrative municipalities.
- 15 million across the province, even annually, shall not eliminate the infrastructure deficit experienced by municipalities.
- Provincial priorities may not align with municipal priorities, therefore would reduce likelihood of success in that instance.

Overall:

While there are more cons than pros in this program, they should be measured in terms of practicality. It may not be additional income from the province's perspective, but from a municipal perspective it is. There is no 15 million dollar per year program that exists today. ICIP federal funding announcements largely force the province as a funding partner, but this is a different program. It is true that smaller municipalities are likely to be at a disadvantage in an application-based system, but simply allocating a portion of the 15 million to all municipalities (except HRM) would likely see between 40-50% of it go to one municipality once more. While it is ok to point out flaws in the program, this is the program of choice, and it replaces additional funds sunk into the MFCG grant. Furthermore, it is an effort to allocate funds to areas of highest risk for municipalities, which is in new capital and capital renewal. When you take a big picture view, this funding model is far superior to an MFCG top-up. Overall, it is recommended that MODA **endorses** this new program, and be ready to provide constructive feedback over the next 5 years to seek improvements in the program if needed.

Local Roads:

Local Roads have been debated and discussed since 1995. The previous J-Class maintenance agreement started with the province's intention to transfer ownership to the municipalities. This was met with great pushback. At the last minute, the province backed away from transferring the J-Class roads and fell back to requiring a maintenance fee from municipalities for these and other roads. It seems the intention of the province to transfer local roads to the control of the municipalities, as this is a source of a lot of municipal intervention, and resident complaints.

Under this new effort, there is new road funding, it is in two streams, one of which does not apply to Argyle, so I will focus on Stream B funding. 10M annually will be available for any G,H,I and J Class Roads that municipalities have an interest in maintaining, and perhaps owning. This is an expansion to the J Class program that we have participated in once in 18 years. The previous program would have covered 50% of the cost of paving or repaving a J Class Road (not G, H, I). This is expanded to other roads BUT has some nuances. The original J Class cost sharing program had 2 million in annual funding, and the new program has 10 million.

Let's take a minute and explain what these road classifications typically mean. G, H, I and J are all considered local roads, which do NOT include highways, numbered roads (like 308), trunks or routes. Basically, the lettering of G, H and I refer to the condition needs of the road which is influenced by traffic. While there is no hard and fast rule, G is typically paved, H can be paved or Chip sealed, and I is often gravel. Maintenance (plowing for example) is often faster on G (and J) than on H /I on account of the traffic. Traffic volumes change, so at times a road may be classified as G, but dirt, due to these demographic and traffic changes. J-Class is also known provincially as "urbanish" roads, they may have curbs, and are typically for a higher density population. Argyle has the following local roads, noted in kilometers (rounded): G = 99, H = 55, I = 108, J = 3 for a total of 264 kms.

For context we should compare it to other rural municipalities. Of all the rural municipalities, only Shelburne, St. Mary's, Chester and Barrington have less kilometers (127-262 kms each). Cumberland, Inverness, Kings, Colchester and Pictou each have 1,130 to 1,520 kms respectively. So in comparison to other municipalities, the issue is not as large for us, though 264 kilometers is a lot.

First, this Stream is voluntary. No changes are being forced on municipalities. While the program is voluntary, the road recapitalization needs are not, as they would require refurbishment at some point. The primary responsibility for local roads shall remain with the Province of Nova Scotia, unless the municipality wishes to intervene and request a specific road to be identified a local road that required attention, it would apply for funding from the province, and it may or may not be selected.

If it is selected, municipalities will have to cover 50% of the cost. Typical repave cost of a local road in today's dollars would depend, but estimated at \$375,000 per kilometer, half being \$187,500 per km cost to municipalities (capital cost only). This cost would not include items such as bridges or other costly items that may exist on a local road. Maintenance costs vary depending on the quality but could be in the 6 – 12 k range annually. Maintenance depends on your stated policy on maintaining (i.e., plow 24 hours after a storm, vs plow black to black asap and often). While I don't have an official answer on this question, local roads owned by municipalities are typically eligible for Federal "Gas Tax" capital funding, that is, once you own it.

First, it should be noted that the municipalities must apply to the province if they wish to cost share in a local road capitalization. This application must be accepted by the province before any cost share considerations come into play. According to the presentation from Guy Deveau from NS Department of Transportation/Public Works, if municipalities choose to <u>intervene</u> in road maintenance, they will have three options available to them. I repeat, in every case below, the municipality is <u>intervening/speeding up</u> the repair of a local road. They may choose <u>not</u> to intervene and be satisfied with the province's priorities on local roads. Be warned though that the pressure to repair a road is now shared between the province and the municipality.

Option one - Standard Intervention: Municipalities application is accepted to cost share on a road repair/repave. Upon completion of the work, the road ownership shall transfer to the municipality, along with a grant that amounts to 2 times the annual J-Class maintenance fee. (The maintenance fee is about $6,200 per km in 2023). Future maintenance, however, shall be the responsibility of the municipality. This option supports the provincial intention to shed some local roads to the level of government they feel makes the most sense. And since the municipality is intervening, they should retain ownership thereafter.

Option two - Municipal Override - This option is not the traditional application as in option one. This option is triggered by the province notifying the municipality of a downgrading of local road. For instance, replacing pave with gravel based on reduced traffic and demand. Once notified, the municipality has the option to disagree, and insist on maintaining that level of service. Should the province approve, they will maintain the same level (i.e., repave) in a cost shared environment, <u>but</u> the ownership shall remain with the province. As the maintenance and ownership remains with the province, there is no <u>maintenance</u> grant provided to municipalities for this work. According to the province, this option would not be a regular occurrence. This option would be consistent with the adage, those who want a say, should be prepared to pay.

Option three – Municipal Upgrade - This is triggered through typical application, except the municipality is requesting an upgrade in service – i.e., from gravel to pave. Should the province approve this road improvement, it will pay 100% of the cost of upgrade, but the municipality shall be the new owner. This option makes sense, as those who wish control of a situation should retain that control moving forward.

Unanswered questions:

I have participated in numerous consultation sessions to deepen my understanding of the recommendations. There are some questions left unanswered, which I will list below:

1. In option three – municipal upgrade, does the 2 for 1 maintenance grant remain available to municipalities or is that only in the first option?

2. In the sessions, the province stated that the 2 for 1 maintenance grant will be paid to municipalities until it offset the old J-Class maintenance fee to zero. This issue is best illustrated through an example. The Municipality of X at this moment pays 6,500 per km for 10 kms for a total of $65,000 per year. Municipality of X takes over 5 kms under option one as explained above. This would result in a net cost to the municipality of zero, 5 kms x 2 x 6,500 = $65,000.

   But what happens if that same Municipality of X wants to take over 15 kms? Is there a continued maintenance grant incentive? Early signs would suggest there **is not**. Email correspondence was sent to the province (from MODA) expressing that if it is in fact the province's intent to push more ownership of local roads to municipalities, there is no real incentive for this to happen unless there is a maintenance grant attached to it. No municipality will eagerly take over a road with no maintenance funding associated with it. They would essentially be taking full responsibility for its ownership, maintenance, and eventual repair, forever. Furthermore, most municipalities are not set up to properly maintain roads. The province assured me that this issue will be reviewed asap.

3. What is the condition of the local roads in Argyle? Province did not have an answer to this, and the local detachment may have information in this area. I have asked for a local assessment to be completed by municipal staff, and this will take some time.

Pros:

- This revised recommendation provides extended options for municipalities to intervene and control a service they may wish to see improved. While we do not often wish to intervene as Argyle, there are other municipalities that are under a lot of pressure to improve local road quality and timeliness of maintenance. This is one of the reasons why Towns own and maintain their own roads, as they control the service provision and quality.
- These extended options are good news for towns (under stream A not analyzed here), as it provides 50% funding support on arterial roads where before there was 0%.
- These extended options are good news for rural municipalities with urban type services, now they are in the position where they could own local roads critical to them in guaranteeing services.
- This is a voluntary program. No municipality is forced to participate in this ever. In theory, a municipality can take the money provided in other recommendations here and not spend a dime on local roads under this option.
- Having multiple options for road interventions for capital appears well thought out and sensible. They place the financial onus on those seeking to make decisions around roads. These recommendations are from the Joint Roads Committee (province/municipal) and were well debated and considered by those considered experts in this field. While there are always possible improvements that can be made, these recommendations, like all others, are set to be reviewed in 5 years.
- The budget for this option has increased from 2 million to 10 million (not including the Towns only funding stream).

Cons:

- In the past, residents with complaints on local road improvements (except J-Class) were referred to the province. Now municipal councilors will be faced with the decision to invest in a solution for all local roads. The political decision has now extended to municipalities, along with all the political pressure that comes with roads.

- There are unanswered questions that have critical financial ramifications to municipalities. Question two is very concerning, as it could represent a service share that would have potentially awful financial ramifications to municipalities. While it is not the intention of the province to cause this, it may unintentionally do so.
- Many municipalities (including Argyle) are not equipped to maintain local roads. They would have meagre services and may maintain municipal roads at a much lower scale than would be required in new local road ownership.
- Many municipalities are not informed of the needs of road maintenance, standards required to properly manage and maintain roads. This will require not only road download of ownership, but of history, policies etc.
- The options listed are silent on Class K roads, which are provincially owned and not maintained. There are no funds available for municipalities choosing to take these over. As you may have experienced, residents have frustrations when they live on a K-Class Road and realize only after they reside there that there are no plowing or garbage services available.
- There is relative silence on the issues of culvert repair, and bridge repair on local roads. These are large items that the province has not taken a firm position on who pays. It's one thing to cost share a road improvement, but its another to get into the details of what that may look like. In fairness to the province, we have zero insight on how many of these capital items exist on local roads.

Overall:

The Roads recommendations remain rather uncertain as to its execution, and this will be concerning to all municipalities involved. There is fear, legitimate or not, that the roads 'download' will bury municipalities, but in fact it would only impact the willing municipalities. The fact that it is voluntary does not negate the fact that this recommendation remains cloudy and incomplete, and while we may not be a big "road" player in the future, there are other municipalities that will, and deserve the clarity of intentions around maintenance fees and other capital fees. If other municipalities are harmed by this recommendation, it harms our ability to access other provincial funds that are always finite.

Without clarifying the intentions of this recommendation or knowing the answer to some practical questions, it would not be advisable to **recommend endorsement**, rather recommend clarity on the practical elements of this service exchange to further assess.

Expenses:

Municipal Expense avoidance

Expense avoidance can be superior to additional revenues. The logic being that costs tend to increase whereas new grant revenue does not often, at least historically. The elimination of costs in favor of the province absorbing it is welcomed, especially if the costs are for provincially controlled services. Furthermore, there is no indication that the province will be taxing its residents for this shift in burden, which is truly a savings to the municipality or to the resident or both. The survey sent to the NSFM members identified mandatory expenditures as a problematic item, which is essentially a municipal tax collection for the payment of provincial services.

The mandatory expenditures identified, in order of magnitude for Argyle, include payments for education, policing, corrections and housing. Policing is due to a joint agreement between three government units and is a complex arrangement. The other three have come out of shared agreements or other agreements between the province and municipalities, so it is a bit less complicated.

The NSFM members wished to see education and policing addressed. Both have been identified as something outside of the scope of this shared agreement. Housing and corrections are the only mandatory payments that have been absorbed by the Province of NS under this proposal. While it does not include the larger mandatory expenditures, the Argyle impact on housing and corrections is about \$49,545 and 101,836 in today's dollars. Costs avoided, as mentioned previously, are in today's dollars, inflation is now in the hands of the province. There is an important element here, a municipality will not qualify for this funding until they pay all outstanding housing and corrections balances to the province.

Education mandatory payments

There is no doubt that municipalities would benefit from the province absorbing this cost. As mentioned earlier, municipalities argue that this is a provincial responsibility and simply a flow through – i.e., municipalities currently taxing for a provincial service.

The province's position is clear on this, they will not entertain absorbing this cost as it is too expensive to achieve. They will however, at a future negotiation, consider billing and collecting this item on behalf of municipalities.

The provincial absorption of housing and corrections will come with no increase in provincial taxes. This is a true shift of fiscal burden from the municipalities to the province. In this situation, municipalities shall have the choice as to what to do with these savings and may reduce municipal taxes to pass the savings on, invest in other priorities, or set the money aside for future capital needs.

Education is different. The province is not absorbing. They will either ask us to continue charging or they will charge the fee themselves. In practical terms, they would control how the fee is charged, and taxpayers would pay them for that. The province would determine the rate, and how much they charge the residents. The amount would disappear from our books. For us, that represents about 23% of the total operational budget. BUT the decision to reduce the municipal tax rates remains with the municipality. In essence, municipalities may or may not decrease their rates to completely offset the provincial fee. The taxpayer would be negatively impacted if the decrease did not match the new provincial tax. So, in short, asking for the taxes to be charged by the province would not result in savings to the taxpayer, only to municipalities.

Municipalities would not gain control in this arrangement; the fiscal responsibility was and will remain provincial. This would make that taxation 'purer' as the proper level of government is issuing the tax on a provincial service. Under the current arrangement, the collection of education payments is netted against taxation revenues, further confirming that it is a provincial responsibility. The fact that escalating costs would rest entirely with the province is a win for municipalities, but not necessarily for Nova Scotians. Also, municipalities, whether they like the fee or not, are responsible to balance a budget, and make decisions on tax rates. This decision would be taken away from them and left to the hands of the province to determine the tax, and they may charge more than what municipalities would have.

From the provincial perspective, if they were to take this burden, we presume they would want some guarantee that the resident shall not be double taxed. This means they could legislate a municipal tax reduction. On the surface this appears logical, but it is a dangerous precedent, as this type of legislation is precisely the type of thing municipalities seek to avoid as it is a threat to one of our powers as a municipality. The CAP on Assessment is a perfect example, the province would hesitate to take the CAP out of legislation, for fear that municipalities would not decrease their residential and/or commercial taxes as they should. They may insist on a legislated tax decrease, which is a bad precedent for us. We have examples of municipalities that were provided with a doubling of equalization, and then councils deciding to decrease the tax rate instead of using it to offset current or future expenditures. This would not sit well with the province, understandably.

In short, the education payments remain to be assessed in more depth before a decision can be made on how best to address it. In short, while it is a provincial responsibility, the details have not been fully fleshed out as to how this would be handled.

Policing

The policing contracts vary by municipalities, with some under provincial contract and others in direct contracts with the RCMP/Federal government. The policing costs have escalated heavily in the past 2 years, due mostly to negotiated retroactive and future raises for police officers. The province and federal government are still at odds as to who is responsible. That negotiation is still ongoing and has national implications.

There is no doubt this cost is one that municipalities seek to avoid as the magnitude is becoming unaffordable to many. In short, there are many details to be determined by other levels of government before we can negotiate cost sharing with the province. While this cost is one that requires discussion, it is not practically possible for the province to do so in such uncertainty.

Pros:

- All municipalities have the fiscal burden of housing and corrections today. For some, these numbers are large, especially housing in towns. This absorption will surely assist all municipalities (but HRM as they are not party to this).
- Housing costs are very unpredictable, and with provincial priorities surrounding expansion, municipalities would have experienced sharp increases as most are responsible for 10% of the deficit of these Housing Authorities.
- Eliminating the cost is to admit that municipalities have no control over this service, it confirms who is totally responsible, and avoids cost conflict.
- Many municipalities have taken the position that their funding agreement was terminated before 2023 and are fighting invoices. This agreement would clean up any existing conflict.
- Policing and education mandatory payments are simply not ripe enough to consider at this stage, and the province has indicated that future negotiations would include these items. I consider this to be an act of good faith on the part of the province.

Cons:

- Province did not include the largest mandatory payments of education or policing so the issue is not fully resolved.
- Province chose the lowest of the mandatory payments to consider in shared services.

Overall:

While the largest of the mandatory payments did not make the final recommendations for shared services, it can be reasonably concluded that the larger elements have details to iron out before properly negotiated. The province has left these elements to be discussed in a future time. In short, the mandatory expenses proposed are a positive step for municipalities, and I would recommend that Council **endorse** these recommendations.

Obsolete Schools

Old schools, or pre-1982 schools currently revert to municipal ownership once the school was closed or replaced. This proposed service exchange would take that obligation away from the municipalities. Most municipalities will see cost avoidance here. Assuming demolition, which is a common conclusion on old schools, this could cost between $500,000 and a million dollars depending on the size and environmental requirement to address hazardous materials such as asbestos or lead.

In other cases (like in HRM), the municipality could demolish, and sell the land for far greater than the cost. The province recognizes this and provides the option to municipalities to retain ownership.

We have negotiated ownership of the old Wedgeport School outside of this service exchange. But this would apply to two schools in our region that qualify as 'obsolete', which are the Plymouth and West Pubnico schools. If each were to be demolished by Argyle, we could avoid an estimated 2 million in today's dollars. Please note that the actual cost avoidance could be far less, and in other school closures we managed to sell the asset temporarily avoiding costs.

This change shall be applied prospectively, not retroactively. Forward application only.

Pros:

- Assuming an eventual demolition, this represents a massive cost avoidance on the part of municipalities. Municipalities could easily assume a savings of an average of $750,000 per qualified school. For Argyle, it would represent two schools, best guess, $1.5 million in cost avoidance.
- All but eliminates conflict between municipalities and province on who pays for what, former ownership issues etc.
- The province left the option open for municipalities who choose to take these schools over, so the power to decide has shifted from the province to municipalities.

Cons:

- None that could be noted.

Overall:

This is a considerable win for municipalities, Council should **endorse** this recommendation.

MGA considerations:

MGA amendments of this nature are outside of our authority. Consideration should be taken on the NSFM's 12-month notice provisions, which state that the Province of NS shall provide 12 months' notice on items that require municipalities to plan for in the future. This request was put in place to ensure municipalities would incur costs without time to plan for the implementation of these costs. It is the Provincial position that cost savings are outside the scope of this procedure, and the NSFM has also confirmed that the one-year delay is only on negative impact items, whereas the shared service is not negative to any unit, the one-year delay should not be applicable in this case. In short, if the fall legislature passes a new agreement, the application could commence on April 1, 2024.

Overall Financial considerations:

The overall financial implications to Argyle and to all other municipalities is included for your review. In short, the annual savings and additional revenues will be about $180,000 for the new 'equalization' grant, and the elimination of housing and corrections costs. The impact of school takeover is unknown but could reach as high as 2 million dollars.

The impact of roads cannot be measured due to its voluntary nature. While every road is different, average cost to re-capitalize a road is about $375,000 per km. Further internal assessment of road condition would be required, and there are maintenance fee questions that remain unanswered.

Political environment:

The NSFM identified a short list of priorities in support/advocacy for its members. These priorities include but are not limited to municipal modernization, elimination of CAP on assessment, and the implementation of Extended Producer Responsibility, to shift recycling costs to the producer and away from the municipalities.

Extended producer responsibility (EPR)

The Province of NS recently announced it will implement the EPR program. While the amount of fiscal impact is not yet known, you could presume that 50% of your collection 100% of your residential recycling costs. The amount is too soon to estimate, but it would be considerably higher than the Housing and Assessment costs avoided for Argyle. This is encouraging news, and hope for further cost management on what is a growing cost to municipalities.

CAP on Assessment

There has been no movement in discussion or decision on this item. Safe to say that any elimination of the CAP on assessment is far away and may not even be possible at this point. It would be pointless of us to bark up this tree at this point, as there is low political interest in addressing this provincially. It is an ongoing problem for municipalities and restricts the proper and fair taxation of properties.

Municipal modernization

No considerable movement in this area, for many there remains a lot of confusion around what this means to municipalities. From my perspective, it includes any form of municipal collaboration or teamwork to deliver a service or product, that is superior than the existing form of service. In some cases, this is consolidation, in other cases, the creation of a regional organization that delivers regional services, without the combination of councils and operations in full.

Current consultations and fall legislature.

The province, in conjunction with the municipal members of the working group, are leading consultation sessions, all online, and 2 in French. So far, many municipalities are seeing some positive aspects of this deal. HRM is specifically excluded from this deal, as any solution for HRM wouldn't work well with other smaller municipalities and vice versa. CBRM is demanding its own negotiation and charter, which is perhaps understandable but not the scope of the current shared service negotiation. It was made clear by the Deputy Minister of Municipal Affairs and Housing that one municipality shall not negate the will and interest of others. This is not a perfect recommendation for all municipalities, but it is, for the most part, a good recommendation, and a cost shift that has not occurred in 18 + years, despite municipal efforts.

The province has listed items that require further negotiation in the annex of the agreement and is committed to reopening the deal after 5 years. some of those items include policing and the education payment. In the end, it would be wise to remember that municipalities are a creature of Provincial government, and the province determines what it should or should not do for municipalities.