



MUNICIPALITY *of the*
COUNTY *of* **KINGS**

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September 5, 2023

The Honourable John Lohr
Minister
Department of Municipal Affairs and Housing
14th Floor North, Maritime Centre
1505 Barrington Street
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Halifax, NS
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Dear Minister Lohr,

RE: Proposed Service Exchange and Municipal Reform

Over the past couple of weeks, elected officials and staff from municipalities have participated in the Service Exchange engagement sessions conducted by the Department of Municipal Affairs and Housing.

Below please find our summary comments on the DMA&H proposal with specific references to components related to roads and the importance of having someone fully cost the programs before presentation to the municipalities in the form of a recommendation.

We have discussed this proposal with several other municipalities who have expressed similar concerns to those set out below.

With respect to the financial comments in this letter, our financial staff was tasked to advise, and I am indebted to them for that work.

General Comments - Roads

Repeatedly throughout the sessions, statements were made that represented the proposed Road Programs as being 'completely voluntary', 'another option for municipalities', and something 'that came from the Joint Provincial/NSFM Roads Committee and not from the province'.

I took issue with those statements at the time. This program is not 'voluntary'. The consequence of not participating results in further degradation of G, H, I, and J class roads and/or municipalities being scapegoated for not participating in DMA&H's program, resulting in political pressure from residents to cost share and take over roads, at a significant financial detriment to the Municipality.

It is also not 'another option' since the existing option to cost share repaving of J class roads would be terminated under the proposal.

Regrettably, the Roads Committee's report was overtly withheld from municipalities. We have just now received it as a result of numerous complaints on that front.

Also, the SERMGAR Committee was formed to discuss, consult and report regularly to municipalities. Instead, the members were asked to sign Non-Disclosure Agreements, did not report to municipalities and appear to have taken on the status of a negotiating committee. To top it off, that committee also had not shared its report with either the NSF Board or membership prior to us all being presented with what had the appearance of a fait-accompli. Therefore, it cannot be inferred that any of the recommendations have come from the municipalities.

I have truly been confused by such cloaked procedures. They have done nothing to inspire confidence in the process.

Proposed Program B : Roads

Under the current program, municipalities can cost share 50/50 on repaving and the province continues to own the road and to be responsible for its ongoing condition and maintenance. This program applies to the 1,648 kms of roads mainly classified as J class under the 1995 Service Exchange agreement.

Under the proposed program, municipalities will continue to cost share 50/50 on the initial repaving of the roads but will then be required to take title, maintain, repave, and be responsible for all related infrastructure in perpetuity. The province will not share in the costs and the Municipality assumes all costs, risks, and liabilities.

Alternatively, if the Municipality chooses not to repave a G, H, I or J road under the new program, the province may allow the roads to deteriorate to gravel at its discretion. Most significantly, the proposed program has expanded beyond the 1,648 kms that the roads committee was dealing with, to include all G, H, I and J roads, totalling over 14,000 kms.

It seems, therefore, that the idea to include all G, H, I AND J class roads (~14,000 kms) has been introduced unilaterally by the province.

The proposed program is silent about the associated infrastructure that should be improved or repaired prior to the transfer of a road to a municipality, such as drainage improvements, shoulders, culverts, bridges, etc. Without firm details in this area, and information about the current condition of G, H, I AND J roads, no municipality would have had the information or time to fully assess and determine the direct and indirect costs associated with this program and the impact such increased costs would have on municipal ratepayers.

Potential Outcomes Program B

Kings has prepared order of magnitude projections regarding Program B cost implications using the Joint Roads Committee approach, adjusted to reflect the province-wide ~14,000 kms of road lengths (less kms located within HRM) provided by the province, and utilizing the recent per kilometre capital costings provided by a Provincial official.

These projections indicate that only 3% of the ~14,000 kms of roads could be resurfaced and maintained at the net program cost published by the Joint Roads Committee, a dramatic decline from the 40% used as an assumption by the Committee. Should the uptake of resurfacing and maintenance reach the 40%

assumption amount, the municipal cost swells to ~\$104.5M per year - a 14.5-fold increase from current contribution levels for J-class roads.

These preliminary estimates of costs associated with Program B are staggering and would significantly impede a municipality's ability to provide other critical municipal services and be of significant additional financial burden to residential and commercial property owners.

Apart from the direct financial impact, this type of program would undoubtedly create widely varied condition and service levels between all 49 municipalities. Those municipal units that don't prioritize road conditions within their municipal budgets will eventually likely require provincial financial assistance to restore roads to standards demanded by citizens.

In addition, the proposed program will create an enormous duplication of resources among the municipalities and represents an inefficient use of taxpayers' money.

Other - Municipal Reform & the Engagement Process

In addition to feedback related to the Roads – Program B portion of the proposed Service Exchange - the Municipality would like to provide comments related to the engagement process that was undertaken and the broader objectives associated with Municipal Reform.

In the 1995 Service Exchange, the Province set out a schedule of Municipal and Provincial responsibilities and undertook an effort to balance the expenses associated with each. The whole concept was preceded with a "discussion paper" that provided details and a strategic focus that enabled knowledgeable discussion on the issues by all parties.

Similar thought does not appear to have been applied to the current process, significantly impeding any opportunity for well-informed discussions between the province and municipalities. In the information recently released, there is a significant gap in costing of the program elements for each order of government.

From a Municipal Reform perspective, this current proposal does not advance reform objectives but rather perpetuates at best and deteriorates at worst, the status quo. To quote a well-worn but applicable adage, we are 're-arranging the deck chairs on the Titanic'.

It is this Municipality's position that any type of Service Exchange should be undertaken in the context of a broader Municipal Reform effort, preferably following a study and recommendations by an independent third-party subject-matter expert.

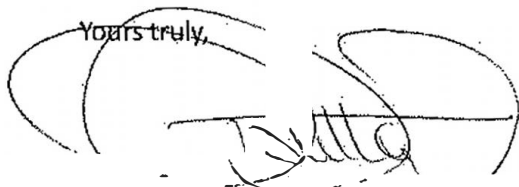
Request

We request the province to postpone the implementation of Roads : Program B until the province can engage in meaningful and transparent negotiations that encompass all items within Schedule A that have been set aside for future consideration. Such negotiations should be framed under clear guiding principles so that all parties understand the strategic focus and can work towards mutually-desired outcomes.

Our Municipality is willing to discuss and negotiate large scale service exchanges such as local roads provided that a negotiating framework is established, and programs under consideration are properly costed. For example, if a specific desired outcome is to transfer local roads to municipalities, with proper cost projections associated with this proposed program, and within the context of negotiating other

significant items already identified in Schedule A, Kings will certainly come to the table as a willing participant.

Yours truly,

A handwritten signature in black ink, appearing to read 'Muttart', is written over a horizontal line. The signature is enclosed within a large, loopy, hand-drawn oval shape.

Mayor Muttart
Municipality of the County of Kings

- c. Deputy Minister Lafleche
Nova Scotia Mayors and Wardens
NSFM