

July 31, 2023

Provincial-Municipal Service Exchange Agreement

Municipality of the District of Barrington

The renegotiated Service Exchange Agreement (MOU) establishes a clear understanding of roles and responsibilities between the provincial and municipal levels of government. Below you will find how the new agreement impacts the Municipality of the District of Barrington.

Municipal Financial Capacity Grant (MFCG)

The MFCG will be unfrozen with elements of the formula modernized. Those municipalities who see a decrease in their MFCG funding will receive non-renewable top-up funding for 5 years.

Frozen Funding Amount: \$151,335

New Amount: \$179,204

Corrections

The Province will absorb the costs associated with the mandatory contributions to corrections. This will save your municipality approximately \$87,504 annually.

Obsolete Schools

The Province will assume ownership of all pre-1981 schools closed after the Service Exchange is implemented. Municipalities will be given first right of offer.

Housing

The Province will absorb the annual costs associated with public housing losses. This will save your municipality approximately \$41,508 annually.

Infrastructure Funding

Municipalities will be able to leverage a new application based \$15M infrastructure program. The details of the program are still being set but will focus on provincial priorities.

Roads

The Province will create two application based funding programs for roads.

Stream A: \$6M will be available for 50-50 cost sharing for repaving trunks and routes which are municipally owned.

Stream B: \$10M will be available for any G, H, I and J class roads that municipalities have an interest in maintaining.

Municipal Financial Capacity Grant (MFCG) Fact Sheet

Highlight of Proposed Changes

The MFCG will be unfrozen, with elements of the formula modernized. Municipalities with a decrease in MFCG funding will receive a top-up in funding for a period of 5 years. An overview of changes follows:

① Standard expenditures

Currently, the calculation for standard expenditures includes protective services, transportation services (excluding public transit), and 50% of environmental health services. The calculation of standard expenditures is proposed to be expanded to include categories not previously considered under this definition. A comparison of the current and proposed revisions is shown below.

Expenditure Type	Current Funding Model	Modernized Funding Model
General Government Services	Excluded	Include 50%
Protective Services	Includes 100%	Include 100%*
Transportation Services	Excludes Public Transit	Include 100%*
Environmental Health Services	Includes 50%	Include 100%*
Recreation and Cultural Services	Excluded	Include 50%
Public Health Services	Excluded	Exclude
Environmental Development Services	Excluded	Include 100%

* Proposed changes would include interest on debt

② Uniform Assessment (UA)

Uniform Assessment will be subdivided into Residential and Commercial components. As a result, for each Class, Standard Tax Rate will be separated to become:

- Standard Residential Rate
- Standard Commercial Rate

Rather than the Standard Tax Rate for the Class multiplied by the municipality's UA, the modernized formula combines the following two parts:

- Standard Residential Rate for the Class multiplied by the municipality's Residential UA
- Standard Commercial Rate for the Class multiplied by the municipality's Commercial UA



**Municipal Affairs and Housing
Office of the Minister**

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Oct 20/23

Juanita Spencer
Chief Executive Officer
Nova Scotia Federation of Municipalities
1809 Barrington Street – Suite 1304
Halifax NS B3J 3K8
Via email: jspencer@nsfm.ca

Dear Juanita Spencer:

I want to take this opportunity to confirm with you Government's plans with regards to the Service Exchange Agreement.

The intention is to complete regulations and approve programs in keeping with the proposed agreement negotiated with SERMGAR and which was presented during consultations this past summer.

To be clear, that means for the 48 municipalities covered by the renegotiated agreement, the legislation and eventual regulations will:

- remove the requirement under the *Corrections Act* for municipalities to make an annual contribution towards corrections;
- remove the requirement under the *Housing Supply and Services Act* for municipalities to pay a portion of the net operating losses for public housing;
- change the *Education Act* so that, in the future, ownership of schools built prior to 1981 would transfer back to the Province when they are deemed obsolete, with municipalities given the first right of offer to purchase the building at a negotiated price;
- update the *Municipal Grants Act* and move elements of the Municipal Financial Capacity Grant formula into regulation so it is more flexible and easier to adapt to the changing needs of municipalities and enabling government to implement the new formula agreed to by municipalities.

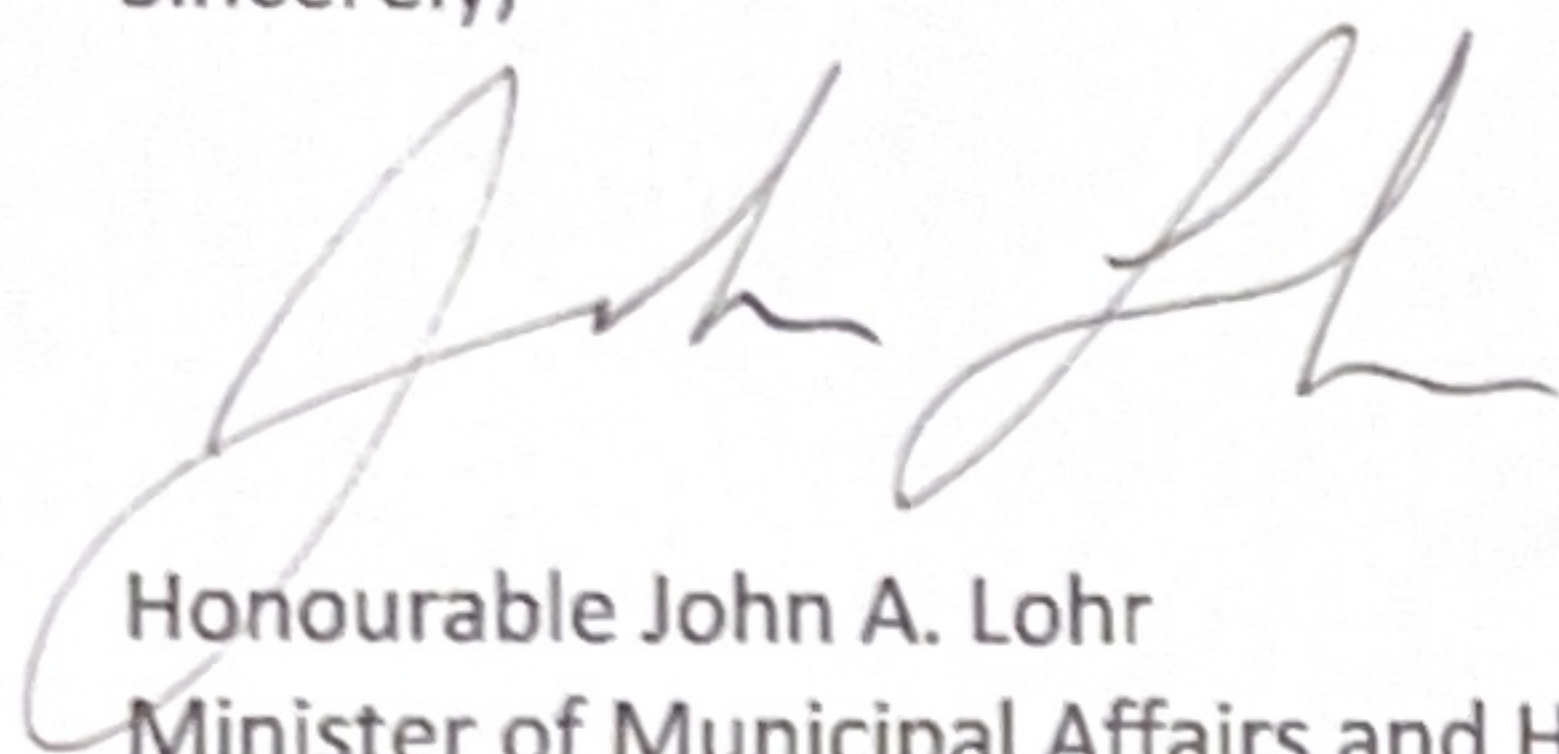
The new legislation and regulations will take effect April 1, 2024.

In addition, our plan is to create a new program for Infrastructure. The originally negotiated Roads Part A will also see a new program created. We have listened to the concerns of Municipalities raised during our consultation process and Part B of roads will be moved to Schedule A for further discussions. Both Infrastructure and Roads Part A will see programs open during the 2024/25 fiscal year.

Juanita Spencer
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I trust that this information is helpful.

Sincerely,

A handwritten signature in black ink, appearing to read "John Lohr". The signature is fluid and cursive, with the first name "John" and the last name "Lohr" clearly distinguishable.

Honourable John A. Lohr
Minister of Municipal Affairs and Housing

C: Byron Rafuse, Deputy Minister, Municipal Affairs and Housing Municipal Affairs and Housing

April 15, 2024

The Honourable John Lohr
Minister, Department of Municipal Affairs & Housing
PO Box 216
Halifax, NS B3J 2M4

Dear Minister Lohr:

Re: Service Exchange

I would like to first acknowledge the extensive efforts to date to resolve longstanding issues by way of service exchange and municipal reform. I believe commendable progress has been made. However, as previously expressed, I remain concerned about how roads will be addressed moving forward.

Initial conversations concerning service exchange agreements involved J-class roads alone. For Colchester this would involve just over 111 kms. When additional classes of roads (G, H, and I) were added to the discussion, this brought our total to over 1,278 kms – quite a significant jump.

Our Council remains very concerned about the implications that proposed changes may have on our limited resources. The costs and logistics related to long-term maintenance, repair, and replacement of roads that could be transferred to our Municipality are still unknown. How will this affect our need for equipment, human resources, and supporting infrastructure required to house these additional resources? This is especially a concern as we continue to see rising costs on all products and services, labour shortages, and challenges sourcing equipment.

I know several other municipalities share similar concerns and feel it is important to bring this to your attention. I am hopeful and trust that future service exchange considerations concerning roads will involve extensive consultation, and ultimately have the best interest of all parties in mind.

Regards,



Christine Blair
Mayor

c. NS Mayors/Warden, CAOs
Colchester County Council

