



**NOVA SCOTIA
FEDERATION OF
MUNICIPALITIES**

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September 14, 2023

Department of Municipal Affairs
14th Floor North, Maritime Centre
1505 Barrington Street
PO Box #216
Halifax NS B3J 2M4

Attention: Hon. John Lohr, Minister of Municipal Affairs and Housing

Delivered via email

Dear Minister Lohr,

Re: Service Exchange

On behalf of the NSFM Board of Directors, thank you for the opportunity to meet with representatives of the Department of Municipal Affairs and Housing regarding the Service Exchange discussion and proposal. We acknowledge the efforts of department staff to engage our members through 13 consultation sessions and the subsequent "What We Heard" document, which outlines the key findings of the consultations.

The Board of Directors discussed the matter of Service Exchange at a Special Meeting of the Board, held on September 6. Based on the recommendations of the Service Exchange Renegotiation and Municipal Government Act Review Committee (SERMGAR), the following motion was accepted at the meeting:

Recommendation that NSFM write a letter to the Province accepting the Province's proposal for capacity grant, housing, corrections, obsolete schools, and infrastructure; and further that CBRM be dealt with separately from other municipalities with no impact on the proposed MOU agreement; and further, with respect to roads, that NSFM accepts Part A, and recommends that Part B be placed in Schedule "A" for future discussion, while the current "J Class" roads program is continued. Further that NSFM and the Province continue discussions immediately on Schedule "A", and that a 5-year review be written into the MOU.

To summarize, the Board accepts the SERMGAR Committee recommendations as follows:

- The proposal for capacity grant, corrections, housing, infrastructure, and obsolete schools is accepted, as presented in consultations
- The proposal for Part A of the Roads Proposal is accepted, as presented in consultations
- Based on feedback from several municipalities, the proposal for Part B of the Roads Proposal should be moved to Schedule “A” for more thorough analysis, discussion, and consultation; however, the current \$2 million allocation in funding for “J Class” roads remains in place in the interim
- Discussions on the various items contained in Schedule “A” should commence as soon as possible with NSFM, in its entirety, which includes all stakeholders and members, including the NSFM Board, SERMGAR Committee, and participating Nova Scotia municipalities, as well as the Association of Municipal Administrators Nova Scotia (AMANS)
- The MOU should contain a review mechanism in five-year intervals
- The Province should negotiate a separate service exchange agreement directly with Cape Breton Regional Municipality (CBRM), as they themselves have advised during the consultations

Further to the last point, the NSFM Board recognizes the unique circumstances faced by CBRM due to their size, population, and distinct challenges, as has been expressed by the CBRM Council members and staff at several of the consultations hosted by the Province this past August. The Board is also deeply concerned with CBRM’s indication that their future financial sustainability is untenable. The Board supports CBRM’s request for a separate service exchange agreement to determine their best path forward. Furthermore, the NSFM Board supports this direction provided that this separate agreement does not alter what has been proposed to the other 47 municipalities during the aforementioned consultations.

The Board has heard clearly from many municipal leaders that the Province’s proposed Service Exchange Agreement is an important first step in modernizing a decades-old arrangement that no longer meets the current realities of our municipalities. Many municipal leaders also recognize the need for phases, in order to provide full consideration to each item from the lens of diverse perspectives, needs, and realities. Furthermore, the Board appreciates the municipal leaders who provided constructive feedback, such as those summarized in the Province’s “What

We Heard” document prepared post-consultations. We trust that the Province will give this feedback full consideration, both in this phase and in future phases of the negotiations.

Finally, thank you to all members of the SERMGAR Committee, including Department of Municipal Affairs and Housing staff, as well as the municipal leaders and staff who served as advisory members during these first-phase negotiations. We, as a Board, acknowledge and appreciate that more collaborative work will be necessary to modernize the items identified in Schedule “A” in a way that will best serve our communities in a fair and inclusive manner.

We look forward to an equitable partnership with the Province of Nova Scotia as discussions continue on a path toward a balanced, complete, and modernized Service Exchange Agreement. We appreciate your time, efforts, and partnership in this important and historic undertaking.

Yours sincerely,

A handwritten signature in cursive script that reads "Brenda Chisholm-B".

Brenda Chisholm-Beaton

President

Nova Scotia Federation of Municipalities

cc: Paul LaFleche, Deputy Minister of Municipal Affairs and Housing

cc: Murray Scott, Mayor, Municipality of Cumberland, Chair SERMGAR Committee

cc: Board of Directors, NSFM