

Item No. 10.1.7
Halifax Regional Council
June 19, 2012

TO: Mayor Kelly and Members of Halifax Regional Council

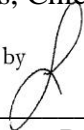
SUBMITTED BY:

Original signed by



Richard Butts, Chief Administrative Officer

Original Signed by



Mike Labrecque, Deputy Chief Administrative Officer

DATE: May 23, 2012

SUBJECT: UNSM Conference Resolutions 2012

ORIGIN

Annual Union of Nova Scotia Municipalities request for resolutions to be considered at the 2012 Conference.

RECOMMENDATION

It is recommended that Halifax Regional Council forward the three resolutions outlined in this report to the UNSM Annual Conference. The resolutions concern the development of the new federal long term infrastructure plan and specifically address:

- Infrastructure Renewal
- CCME Wastewater Strategy
- Infrastructure Program Administration

BACKGROUND

Each year at its annual conference, UNSM debates a number of resolutions submitted by its 55 member municipalities. Those that are passed are forwarded to the Provincial government as requests for changes in policy, legislation, financing, etc. These resolutions have the benefit of UNSM's collective voice, and may be considered to have the support of all municipalities in Nova Scotia. A formal resolution passed by UNSM in support of the initiative(s) may assist the municipality in securing support for those items, and garners additional public profile for the issue.

HRM is represented in the Regional Caucus of UNSM. The role of the Caucus is to elect members to serve on the Board and to make recommendations to the Board on matters of interest and concern to the caucus. In advance of each annual conference, Municipalities, Caucuses, the Board and the Resolutions Committee can submit resolutions for debate at the Fall Conference. To be properly received, the resolution must be approved by Council

The 2012 UNSM Annual Conference is being held September 18-21 in Halifax. UNSM Bylaws state that resolutions must be received by the UNSM office 80 days prior to the Annual Conference, putting this year's deadline at June 29. All resolutions received by that date will be introduced and debated at the Annual Conference.

DISCUSSION

As noted above, the UNSM Annual Conference provides a mechanism to bring additional profile to municipal intergovernmental issues of a priority nature. With the expiration of a number of federal infrastructure funding programs in 2014 and consultations around a new federal long-term infrastructure plan (LTIP) beginning, infrastructure funding is a key priority for all municipalities in Nova Scotia.

Municipalities have a key role to play in impacting the development of the LTIP. The federal government is consulting extensively with provinces, municipalities and the private sector, and provinces are also planning consultations with their respective municipalities. In Nova Scotia, UNSM is engaging municipalities on their infrastructure priorities and working on a strategic approach to engage the Province. By communicating strategic priorities around infrastructure, HRM can take a proactive approach with UNSM and the provincial government.

Infrastructure Renewal

"Renewal" refers to the process of repairing, re-habilitating, or replacing aging infrastructure. Infrastructure renewal is the main focus of the 2012-13 Project Budget and 5-year Project Plan approved by Council. The Plan aims to dedicate 65% to 80% of the infrastructure budget to maintain infrastructure in a "state of good repair". However, with aging infrastructure and a growing population, HRM does not have the funds available to address all its renewal projects. Currently HRM budgets between \$65 and \$84 million annually for renewal, but at least \$95 million is needed annually to maintain and halt the decline of assets. The LTIP will need to

address the infrastructure gap municipalities face in order to ensure safe, reliable and adequate infrastructure for residents.

Proposed Resolution:

WHEREAS the Government of Canada is developing a new long-term plan for public infrastructure;

AND WHEREAS municipalities are responsible for over 50% of Canada's infrastructure;

AND WHEREAS the Federation of Canadian Municipalities estimates the infrastructure funding gap facing municipalities at \$123 billion;

AND WHEREAS Nova Scotian municipalities have a significant amount of infrastructure that is aging and in need of replacement or repair and ongoing maintenance;

THEREFORE BE IT RESOLVED THAT the Union of Nova Scotia Municipalities advocate that the new long term infrastructure plan address the infrastructure renewal needs of municipalities.

CCME Wastewater Strategy

Another major upcoming infrastructure initiative is the CCME Wastewater Strategy and Federal Wastewater System Effluent Regulations. In 2009 the Canadian Council of Ministers of the Environment (CCME) approved a strategy for wastewater treatment after national stakeholder consultations. The Strategy is intended to improve human health and environmental protection, and strengthen wastewater regulation. It applies to all municipal wastewater systems. The draft regulations were initially published in March 2010, but after the FCM raised concerns about the alignment of the regulations with the approved CCME strategy, a Federal-Provincial-Municipal working group was struck and the regulations redrafted in June 2011. The final regulations are expected in Spring 2012.

Municipalities are in general agreement with the aims of the Wastewater Strategy. However no costing strategy has been developed and no federal or provincial funding sources have been identified. The new regulations will require one out of every four communities to construct or replace wastewater treatment systems across the country. With some of the oldest infrastructure in Canada, many Nova Scotian municipalities are facing costs of hundreds of millions of dollars to upgrade their wastewater systems, if no cost-shared strategy is identified. Halifax Water estimates a cost of up to \$2 billion over 30 years to upgrade its system alone. Municipalities simply do not have the financial capacity to undertake these upgrades on their own.

The LTIP provides a potential source of funds for wastewater upgrades. However, unless a dedicated funding stream is designated for the CCME Strategy upgrades, there is a risk that little funding would be left for any other infrastructure priorities. The CCME Wastewater Strategy is national in scope and set down in federal law; therefore it should have a dedicated national funding strategy. In April 2012 the Atlantic Mayors Congress called on the federal government

to include a cost-shared funding strategy to implement the new wastewater regulations in the LTIP. It is recommended that HRM forward a similar resolution to UNSM.

Proposed Resolution:

WHEREAS new federal regulations for wastewater treatment systems are forthcoming in the near future;

AND WHEREAS the new regulations will require extensive construction of or upgrades to municipal wastewater systems across Canada;

AND WHEREAS no funding strategy to meet the cost of facility upgrades has been identified as of yet;

AND WHEREAS municipalities are unable to take on the cost of these upgrades by themselves;

AND WHEREAS a national strategy and regulatory regime demands a national, predictable costing strategy;

AND WHEREAS a federal long-term infrastructure plan is being developed for 2014;

THEREFORE BE IT RESOLVED THAT the Union of Nova Scotia Municipalities urge the Province of Nova Scotia to advocate for a dedicated funding stream within the long-term infrastructure plan that will address the costs of wastewater system upgrades.

Infrastructure Program Administration:

The previous round of federal infrastructure investments was announced in February 2009 in response to the 2008 global recession. The investments were economic stimulus tools intended to have a short-term effect by getting “shovels in the ground” and putting people back to work quickly. The emphasis on time-sensitive initiatives and speed meant that program application processes, eligibility criteria and decision-making principles were still being developed after the programs were announced in the budget. This caused a number of issues for municipalities, and for HRM in particular which did not receive approval for its infrastructure funding application until September 2009 – thus losing an entire construction season. The lack of clarity around project eligibility and evaluation criteria contributed in large part to delayed approvals, which in turn negatively impacted stimulus fund objectives.

The LTIP process currently underway has a two-year window for consultation and development, and so is less likely to face some of these issues. However, clarity around eligibility, evaluation and decision-making remains important, so that valuable resources are not wasted on applications that may not be relevant. In 2010 HRM made three recommendations to the Federal Standing Committee on Finance, the Federal Standing Committee on Transport, Infrastructure and Communities, and to the NS Department of Finance, regarding future infrastructure program administration:

- Ensure program criteria are clear and consistent nation-wide, and administered consistently
- Mandate that program details and processes be available 60 days after program creation and/or announcement, so that valuable time is not lost when planning for time-sensitive projects such as economic stimulus initiatives
- Move to program-based funding such as the Gas Tax Fund, rather than project-based funds, to ensure funding is reliable, sustainable and enables municipalities to make long-term financial plans.

HRM staff propose that these recommendations be forwarded to UNSM as a resolution, for consideration in the development of the LTIP administration.

Proposed Resolution:

WHEREAS the federal long term infrastructure plan under development intends to support economic growth and job creation;

AND WHEREAS timely and efficient program administration will assist the plan in achieving those goals

AND WHEREAS clear, consistent eligibility criteria will ensure fair and equitable program delivery across Canada;

AND WHEREAS sustainable and reliable program-based funding mechanisms enable ongoing infrastructure renewal to be undertaken while adhering to rigorous reporting requirements;

THEREFORE BE IT RESOLVED THAT the Union of Nova Scotia Municipalities request the Province of Nova Scotia advocate for program criteria that are clear and consistent nation-wide, and administered consistently;

AND BE IT FURTHER RESOLVED THAT the Union of Nova Scotia Municipalities also request that the new long term infrastructure plan mandate that program details and processes be available no later than 60 days after program creation and/or announcement;

AND BE IT FURTHER RESOLVED THAT the Union of Nova Scotia Municipalities advocate for the new long-term infrastructure plan to utilize program-based funding such as the Gas Tax, to ensure sustainable and reliable funding while ensuring transparent and accountable reporting on the use of funds.

BUDGET IMPLICATIONS

None

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

COMMUNITY ENGAGEMENT

None

ENVIRONMENTAL IMPLICATIONS

None

ALTERNATIVES

Council could choose to forward other resolutions to the UNSM Annual Conference, either in addition to or in place of the three recommendations outlined here.

ATTACHMENTS

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Anne Totten, Corporate Policy Analyst, 490-5623

Financial Approval by: _____
Greg Keefe, A/Director of Finance & ICT/CFO, 490-6308

Report Approved by: _____
Chris Bryant, A/Director, Government Relations & External Affairs, 490-3677
