

April 6, 2020

Honorable Lenore Zann
Member of Parliament
40 Inglis Place
Truro, Nova Scotia
B2N 4B4

Dear M.P. Zann:

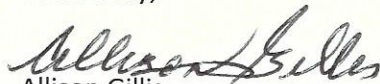
Please consider this letter as a formal request for additional capital funding for the Parrsboro Wastewater Treatment and Collection System capital project.

To assist you in the background regarding this funding shortfall, we have enclosed correspondence with Minister Chuck Porter in which we request additional funding and our rationale for the requests.

Should you require details regarding the project please contact Justin Waugh-Cress, Director of Engineering and Operations at jwaughcress@cumberland.ns.ca.

We certainly appreciate your willingness to review the amount of Federal funding for this project and any positive news for additional funding would be wonderful news for the residents of the community of Parrsboro.

Yours truly,


Allison Gillis

Warden, Municipality of the County of Cumberland

p.c. Rennie Bugley, CAO
Justin Waugh-Cress, Director

Upper Nappan Service Centre
1395 Blair Lake Rd., Upper Nappan, NS B4H 3Y4
Phone (902) 667-2313 Fax (902) 667-1352

Springhill Service Centre,
43 Main St., PO Box 1000, Springhill, NS B0M 1X0
Phone (902) 597-3751 Fax (902) 597-3637

September 9, 2019

Honorable Chuck Porter, Minister
Department of Municipal Affairs
14th Floor North, Maritime Centre
1505 Barrington Street
P.O. Box 216
Halifax NS B3J 2M4

Dear Minister Porter:

Please consider this letter as a formal request for the Province of Nova Scotia and the Government of Canada to provide additional funding in the amount of \$3,290,160 for the Parrsboro Wastewater Treatment Plan and Collection System.

The Municipality was a successful recipient of funding under the Clean Water and Wastewater Fund (CWWF) for this project. In addition to this program funding, the Municipality had budgeted other revenues to fund this project. Budgeted revenues and used in the CWWF application and actual costs incurred on this project are as follows:

	<u>Original Budget Used In Project Application</u>	<u>Actual Project Costs</u>	<u>Budget If CWWF Was Based On Actual Costs</u>
CWWF – Federal	\$4,304,268	\$ 4,304,268	\$ 6,497,714
CWWF – Provincial	2,152,134	2,152,134	3,248,848
Letter of Intent	1,345,000	1,407,180	1,407,180
Municipal Reserves	173,000	594,060	594,060
Depreciation	0	137,786	137,786
Long Term Debt	634,134	4,400,000	1,109,832
	<u>\$8,608,536</u>	<u>\$12,995,427</u>	<u>\$12,995,427</u>

The original budget (and funding application) was based on an engineering estimate completed by the former Town of Parrsboro and supported by a second engineering estimate completed during the dissolution transition process.

The Municipality had little recourse but to proceed with this project as the CWWF program was expiring and the Federal restrictions to complete Wastewater Treatment facilities was in the near future. The result is that the approved Provincial and Federal funding fell far short of the amount that would have been provided based on actual costs. The Municipal cost sharing increased from 9% of costs to 39% of actual costs.



The Municipality encourages you to consider this funding request in a positive manner due to the following reasons:

- 1) As indicated above, the funding would have been significantly greater had the funding applications been based on more accurate estimates;
- 2) The burden that the funding shortfall places on residents is a negative result in the municipal restructuring initiative for the Parrsboro residents and we believe that you and Municipal Affairs and Housing staff want success for the residents of Parrsboro and for municipal restructuring results;
- 3) Discharging treated wastewater vs. untreated wastewater is very positive in the promotion of the Bay of Fundy as a first class world tourism destination. We trust that you are well aware of the attractions that exist and the potential for further development. We believe that you agree with us in the objective of being good stewards of our environment; and
- 4) As a specific example, making the Bay of Fundy as pristine as possible is important to our recent initiative to obtain UNESCO approval for Nova Scotia's very first Geopark.

We are also encouraged by a number of recent Federal and Provincial project and funding announcements for a wide range of projects, including wastewater projects.

Lastly, we request you work on our behalf in discussing and negotiating additional funding from the Federal Government.

Sincerely yours,

A handwritten signature in blue ink that reads "Allison Gillis".

Allison Gillis
Warden

p.c. Tory Rushton , Cumberland South
Mark Peck, Municipal Affairs
Jason Haughn, Municipal Affairs
Aileen Waller-Hebb, Municipal Affairs
Rennie Bugley, CAO

April 6, 2020

Honorable Chuck Porter, Minister
Department of Municipal Affairs
14th Floor North, Maritime Centre
1505 Barrington Street
P.O. Box 216
Halifax NS B3J 2M4

Dear Minister Porter:

Please consider this letter as our second formal request for additional capital funding for the Parrsboro Wastewater Treatment Plant and Collection System.

We enclose our correspondence dated September 9, 2019 and your email response dated November 21, 2019 for your reference. We request that you reconsider our request based on the following:

Municipal Restructuring Challenges

Municipal restructuring is accompanied by a number of challenges, most of which are managed and resolved at the Municipal level. One of the most important challenges is addressing the concerns from residents; including a loss of community identity, a reduction and loss of governance and administrative representation, being swallowed up by what is perceived as a large, non-responsive, non-sensitive rural Municipality; reductions in funding for local community projects, initiatives, programs and services, less importance being attributed to local history, an eventual loss in maintaining local history, heritage and culture, probable future increase in tax rates and costs, and the list goes on. The shortfall in funding for the Parrsboro project has created a lack of trust and respect between residents and Council.

We are not sure that the Minister and Municipal Affairs staff appreciate these challenges. Some of the real outcomes of Municipal restructuring includes the following:

- Prior to municipal restructuring, Cumberland experienced one of the best performances with the Financial Condition Indices. Post Municipal restructuring, our FCI's tanked, requiring the completion of action plans, negative media and public reaction.

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- An unbelievable amount of organization time in redesigning our programs and services, building organization capacity and the difficult decision making in developing annual operating and capital budgets and multi-year capital investment plans.
- Increases in tax rates to fund the costs of programs and services and to continue basic services in the Towns that have dissolved.
- Addressing preliminary budget deficits year after year. We have attempted to address this challenge by developing a Financial Sustainability Strategy.

Municipal / Provincial Relations

The Municipality of Cumberland and the N.S. Department of Municipal Affairs and Housing have always enjoyed nothing short of a professional, ethical, collegial and positive relationship. Council and staff are not prone to either asking for assistance or requesting additional funding except for extenuating circumstances. We believe that the funding shortfall for the Parrsboro Sewer System Project meets the definition of extenuating circumstances.

We are simply requesting the funding that would have been provided had we known the accurate costs. We are sure that the Provincial and Federal Government would have provided the increased funding.

We respectfully remind the Minister that it was Municipal Affairs staff that insisted that we not cancel the project due to the limited availability of the funding program and the timelines on the Federal regulations.

We suggest that the Province itself has benefitted from Municipal restructuring in Cumberland County. The Province has been saving the costs of 3 police officers @ \$100,000 each and 2 MPAL coordinator positions @ \$25,000 each since dissolution, equaling \$350,000 per year. These cost savings could provide the funds to help the Municipality offset the costs of the sewer system project. We further suggest that you review the Letters of Intent between our organizations to see the commitments from the Municipal Affairs to continue these programs.

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On a positive note, we are very pleased that the recent media in regards to funding for the Cape Breton Regional Municipality wastewater treatment projects is an indication that the Province will reconsider our request for additional funds. Please note that Cumberland is requesting additional funding only to the extent of funding that would have been provided had we known more accurate project costs.

Municipal Restructuring Success

The Council of the Municipality of the County of Cumberland voted in favor of Municipal restructuring. We did this as we sincerely believed it was in the best interests of Cumberland residents. We believed we could contribute to a positive quality of life of our residents

We have been required to reduce programs and services, our FCI's have worsened, we have had to significantly increase property taxes, our reserve funds have suffered, Parrsboro residents are very upset with us and the controversies have divided our Council. We would not place these results in the positive success measures category.

We continue to believe in Municipal Government. We continue to believe that the Province of N.S. wants and needs success with Municipal restructuring.

On this last point, we respectfully request that the Province provide additional funding for the Parrsboro Sewer System Project.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Allison Gillis".

Allison Gillis
Warden

p.c. MP Lenore Zann
Rennie Bugley, CAO

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Shelley Hoeg

From: Minister, DMA <DMAMIN@novascotia.ca>
Sent: November 21, 2019 9:37 AM
To: Shelley Hoeg
Cc: Cox-Brown, Kathy M; Haughn, Jason M
Subject: RE: Ltr to Minister of MA and Housing re Dissolution Funds Oct 25, 2019.pdf
Attachments: M303 Gillis.pdf

November 21, 2019

Mr. Allison Gillis
Warden, Municipality of Cumberland
VIA E-MAIL: c/o Shelley Hoeg:

Dear Warden Gillis:

Thank you for your letter dated September 9, 2019, in which you request additional funding in the amount of \$3,290,160 for the Parrsboro Wastewater Treatment Plant and Collection System project under the Clean Water and Wastewater Fund (CWWF) program.

As noted in your letter, this is an important project with benefits that positively address federal regulatory guidelines, provides for long-term health benefits within your community, and is an investment towards realization of your tourism promotional goals. For these reasons, the provincial and federal governments recommended and approved the project for cost-shared funding at the levels submitted in the budget from your original application. While I acknowledge the financial pressure that these cost overruns may cause, the CWWF program dictates that the funding parameters are clear **and do not allow for funding project overages.** This parameter remains unchanged from previous federal and provincial cost-shared programs delivered by our Department over the last several years.

I would also like to thank you for your e-mail of October 31, 2019, regarding clarification of your original request for reallocation of funds dated September 6, 2019. These funds were approved under the Letter of Intent, agreed to on December 1, 2014, between the Province, the Municipality of the County of Cumberland and the (former) Town of Springhill.

You have indicated that Council has made recommendations for reallocation which would impact three areas of transition funding. The amended request, as provided in your letter of October 25th and the attached detail of areas impacted, indicates that the reallocation request is for a total of \$235,000.

I am pleased to advise that I am agreeable to the plan you have proposed and approve your request.

I would like to take this opportunity to bring to you and your Council's attention my letter of October 16, 2019, in which I advised that the Province of Nova Scotia has not received the required reporting from the Municipality of the County of Cumberland for the past two years. As a result, we have over \$3.4 million still to be released. I encourage you to ensure that this reporting is prioritized and to work with members of my staff to submit these reports without further delay.

Sincerely,

Original signed by:

Chuck Porter
Minister of Municipal Affairs and Housing

THIS LETTER OF INTENT made this 17th day of March, 2016,

BETWEEN:

HER MAJESTY THE QUEEN, in right of the Province of Nova Scotia, as represented by the Minister of the Department of Municipal Affairs (hereinafter referred to as the "Province");

and

MUNICIPALITY OF THE COUNTY OF CUMBERLAND and the TOWN OF PARRSBORO (hereinafter referred to as the "Municipalities").

WHEREAS on October 1, 2015, the Town of Parrsboro applied to the Nova Scotia Utility and Review Board (NSUARB) pursuant to Section 394(b) of the *Municipal Government Act* to dissolve and become part of the Municipality of the County of Cumberland;

AND WHEREAS the Province of Nova Scotia is supportive of municipal governments that demonstrate leadership for long-term, transformational change, restructuring their governance arrangements to improve efficiency and effectiveness;

AND WHEREAS in the best interests of the Province and the Municipalities (hereinafter referred to as the "Parties") in moving the dissolution process forward, the Parties have come to an agreement with respect to post-amalgamation financial matters prior to the Hearing on the Merits;

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Letter of Intent, the Parties agree as follows:

1.0 FUNDING ASSISTANCE

1.1 The Province will provide the following:

- (a) Equalization funding shall be paid to the Municipalities (i.e., the new municipality formed by combining the Municipalities as a result of the NSUARB Order) over five (5) fiscal years (i.e. 2017/18 to 2021/22, inclusive). At the expiry of this period, the equalization allocation for the Municipalities will revert to the applicable provincial formula in effect at that time. The amount of Equalization funding to be paid to the combined municipal unit shall be no less than the amounts the Municipalities are entitled to receive in each of the five (5) fiscal year periods (the Municipality of the County of Cumberland total equalization funding received in 2015/16: \$1,182,204 for 2017-2018 to 2019-2020, then \$776,666 in 2020-2022; the Town of Parrsboro total equalization funding received in 2015/16: \$365,901 for five years). The total amount to be paid over the next five (5) fiscal year period shall not be less than \$ 6,929,449 to be paid in amounts of \$1,548,105 for 2017-2018 to 2019-2020; then \$1,142,567 for 2020-2022.
- (b) Special capital funding of \$1,550,000 for infrastructure improvements within Parrsboro, \$1,345,000 of which is to be used for a waste water treatment plant in Parrsboro and to expand the collection system to reach 80% of the households, and \$205,000 of which is to be used for capital purposes to meet the regulatory requirements for its water system as outlined in its infrastructure study. Funding will be paid over five (5) fiscal years beginning in 2017/18 (i.e. 2017/18 to 2021/22, inclusive). Funding can be used to secure additional financial assistance from other programs that are not already part of this Letter of Intent as outlined in the rules and criteria for each program. Moreover, this provision will not be interpreted, employed, or otherwise exploited, to preclude the Municipalities from applying for other funding for its own projects under these programs.
- (c) Roads funding of \$1,072,500, \$825,000 of which is to be used for capital investments and \$247,500 for operating. Operating funding will be paid in annual installments of \$49,500 over five (5) fiscal years beginning in 2017/18 (i.e. 2017/18 to 2021/22, inclusive). Capital funding will be paid in annual installments of \$165,000 per year over five (5) fiscal years beginning in 2017/18 (i.e., 2017/18 to 2021/22, inclusive).

(d) Funding for post-transitional expenses according to criteria agreed to by the Province, and subject to provincial approval, of up to \$90,000 annually for a total provincial commitment by the Province over the next five (5) fiscal years (i.e. 2017/18 to 2021/22, inclusive) of \$450,000. This funding is for incremental dissolution costs, subject to the reporting requirements outlined under section 5.0 of this Letter of Intent, and not to be used to replace normal operating expenses that would be incurred without dissolution.

(e) Work with other provincial government departments to request that no present funding programs available to the Municipalities (e.g., the MPAL program available through the Nova Scotia Department of Health and Wellness) are reduced below current funding levels for the next five (5) fiscal years, where any such reductions are based solely on the dissolution of the Town. This provision does not apply to program or funding changes that are made for reasons other than the dissolution of the Town.

1.2 The Municipalities acknowledge that up to \$375,000 will be provided by the Province to the Municipalities in pre-dissolution funding.

2.0 OTHER ASSISTANCE

2.1 The Province will work cooperatively with the Municipalities to identify funding sources and programs that will assist the Municipalities with future program and infrastructure costs as the need arises and upon request of the Municipalities.

2.2 The Province recognizes that schools constructed prior to 1982 in the Municipalities may revert back to municipal ownership if deemed surplus by the Chignecto-Central Regional School Board. This may result in significant costs for the Municipalities. If this were to happen prior to March 31, 2022, the Province will work cooperatively with the Municipalities to identify funding sources for schools that are transferred back to the Municipalities.

2.3 The Province will work cooperatively with the Government of Canada to secure New Building Canada Fund infrastructure funding for the projects identified as a municipal priority by the Council of the Municipalities. The Municipalities are responsible for the municipal contribution to the project as outlined in the rules and criteria for the program.

3.0 MUNICIPAL STREETS

3.1 The Municipalities will take over responsibility for all streets, roads, lanes, etc., within what will become the former Town of Parrsboro and those roads currently owned by the Municipality of the County of Cumberland. In consideration of same, the Province shall provide the Municipalities with funding as outlined in Section 1.1(c).

4.0 SALE OF MUNICIPALLY-OWNED ASSETS

4.1 The Municipalities agree that the proceeds from the sale of any Tangible Capital Asset during the next five (5) years, owned by any of the Municipalities and exceeding \$10,000 in value, will be held in a special reserve and can be used only for purposes associated with the municipal unit that formerly owned the asset and its respective capital debts.

5.0 REPORTING REQUIREMENTS

5.1 The Municipalities will provide the following:

(a) An overall budget detailing the manner in which funds disbursed pursuant to this Letter of Intent will be expended by the Municipalities.

(b) For the first fiscal year following dissolution, a quarterly forecast update including supporting invoices, detailing the manner in which funds disbursed pursuant to this Letter of Intent have been expended by the Municipalities. This forecast shall be made in a form mandated by the Province.

(c) For each fiscal year thereafter, an annual forecast update including supporting invoices, detailing the manner in which funds disbursed pursuant to this Letter of Intent have been expended by the Municipalities. These reports will be provided within sixty (60) days of the end of each fiscal year, and shall be made in a form mandated by the Province.

(d) Electronic copies of any and all of the following documents relating to expenditures made from funding disbursed pursuant to this Letter of Intent:

- i. Requests for Proposals
- ii. Applicants' submissions to Requests for Proposals
- iii. Monthly bank reconciliations
- iv. Any other records or reports relating to funding provided pursuant to this Letter of Intent as requested by the Province

(e) All electronic copies of all of the documents listed under clause 5.1 (d) shall be retained by the municipalities for at least 24 months from the end of the fiscal year in which funding is provided pursuant to this Letter of Intent.

5.2 The Municipalities will provide any records and reports requested by the Province pursuant to this Letter of Intent at the Province's request, and within thirty (30) days of any such request.

6.0 FISCAL AUDITING

6.1 The Province may, at the cost of the Province, conduct an audit with respect to the use of the funding received for the purposes of this Letter of Intent.

6.2 For the purposes of any audit undertaken by the Province, the Municipalities will provide, upon request and in a timely manner, to the Province or anyone acting on behalf of the Province:

(a) All books, accounts, and financial records held by the Municipalities or by third parties under a contract with the Municipalities, relating to this Letter of Intent and the use of funding pursuant to this Letter of Intent.

(b) Such further information and/or clarification that the Province or anyone acting on behalf of the Province may request relating to this Letter of Intent or to the use of funds pursuant to this Letter of Intent.

6.3 The Municipalities shall, at all times, ensure that third parties are obligated to provide to the Province or its authorized representative the books, accounts, records, and other information that are in the third party's possession and that relate to this Letter of Intent or the use of funds pursuant to this Letter of Intent.

7.0 RESPONSIBILITIES OF THE MUNICIPALITIES

7.1 The Municipalities will:

(a) Work expediently and in good faith with each other and with the Province to implement the Order of the NSUARB dissolving the Town.

(b) Cooperate with each other and with the Province to ensure that the best interests of the residents of the Municipalities are given equal and serious consideration in the delivery of municipal services.

7.2 The parties agree to expend the funding disbursed pursuant to this Letter of Intent directly and solely for the purposes outlined in this Letter of Intent, and may not use such funding for any other expenses, expenditures, or purpose whatsoever.

8.0 DEFAULT OF OBLIGATIONS

8.1 In the event that any funding provided pursuant to this Letter of Intent has been used for purposes other than those dictated hereunder, any and all funding provided pursuant hereto is subject to repayment by the Municipalities at the sole discretion and on such terms and conditions set by the Province, and any future funding dictated by the terms of this Letter of Intent may also be terminated by the Province at its sole discretion.

9.0 MISCELLANEOUS PROVISIONS

9.1 This Letter of Intent is not intended to create legally enforceable obligations under statute, common law, equity, or otherwise until an Order for Dissolution incorporating this Letter of Intent is granted by the Board.

9.2 Other than specified within this Letter of Intent, the Province assumes no further financial responsibility for the dissolution of the Town.

9.3 The provisions of this agreement become effective only upon an order by the NSUARB to dissolve the Town within the twelve (12) months following the execution of this Letter of Intent. Should this period expire without the Town dissolving, this Letter of Intent will be null and void.

9.4 Should the Municipalities withdraw from the dissolution application submitted to the NSUARB on October 1, 2015, it will be responsible for reimbursing the Province for their share of any money expended pursuant to section 1.2 of this Letter of Intent.

10.0 NON-LIABILITY AND INDEMNITY

10.1 The Province shall not be liable for any claims, actions, suits, damages, costs or expenses arising from:

- (a) Any injury, death, or damage to property resulting from or arising out of any act or omission of the Municipalities, their servants, agents, or contractors, in carrying out any work made possible through the funding provided for in this Letter of Intent.
- (b) Any loans or any other contractual commitments entered into by the Municipalities with any other party or non-party in connection with work made possible through the funding provided for in this Letter of Intent.

10.2 The Municipalities agree that they shall at all times indemnify and save harmless the Province, its Ministers, officers, employees, agents, or assigns from and against all claims, demands, losses, costs, damages, actions, suits or other proceedings of any kind based upon injury, including death, to any person, or damage to or loss of property, arising from any willful or negligent act, omission or delay on the part of the Municipalities, its servants, agents, or contractors, in carrying out any work made possible through the funding provided for in this Letter of Intent.

10.3 The Municipalities agree that they have no authority to bind the Province to any other agreement and the Municipalities agree that they will not hold themselves out as having any authority, express or implied, or on behalf of, the Province.

10.4 The Municipalities agree that they have no authority to assign, transfer, or delegate to third parties, any of their obligations or responsibilities set out in this Letter of Intent unless approved by the Province.

11.0 NOTICE

11.1 All notices and communications pursuant to this Letter of Intent shall be deemed duly given upon being delivered by hand, or three (3) days after posting or sent by registered mail, to a Party at the following addresses:

For the Province:
Deputy Minister
Department of Municipal Affairs
Maritime Centre, 14 North
1505 Barrington Street
Halifax, NS B3J 2M4

For the Municipalities:
Chief Administrative Officer
Municipality of the County of Cumberland
1395 Blair Lake Road, RR#6
Amherst, Nova Scotia
B4H 3Y4

12.0 ENTIRE AGREEMENT

12.1 This Letter of Intent constitutes the whole agreement between the Parties unless duly modified by the Parties by agreement in writing. Any representation or statement not expressly contained herein shall not be binding upon the Parties.

IN WITNESS WHEREOF the Parties hereto have executed this Letter of Intent at the Town of Parrsboro, in the County of Cumberland, Province of Nova Scotia, Canada on this 17th day of March, 2016.

SIGNED, SEALED AND DELIVERED

HER MAJESTY THE QUEEN, in right of the
Province of Nova Scotia, as represented by the
Minister of Municipal Affairs



Witness



Honourable Zach Churchill



Witness



Warden
Municipality of the County of Cumberland



Witness



Clerk
Municipality of the County of Cumberland



Witness



Mayor
Town of Parrsboro



Witness



Clerk
Town of Parrsboro