



Saskatchewan Association
of Rural Municipalities

2017 Provincial Budget Request

Submitted by:

The Saskatchewan Association of Rural Municipalities (SARM)

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Executive Summary

The Saskatchewan Association of Rural Municipalities (SARM) submits the following budget requests to the Government of Saskatchewan for the 2017 provincial budget. There are six funding initiatives that SARM believes would assist rural municipalities (RM) in delivering important services. The benefits realized through these programs and initiatives will positively affect rate payers and their quality of life as well as support the Government's plans for economic development and growth in the province.

The first funding request is for the Provincial Rat Eradication Program (PREP) and the Beaver Control Program (BCP). These two programs have been very successful in assisting RMs eradicate rats and in removing problem beavers that damage infrastructure and cause flooding. Continued funding of these programs will help ensure the program goals are achieved.

SARM's Public-Industry Partnership Program (PIPP) proposal will provide valuable cost shared funding to rural resource road infrastructure. This ensures a fair funding mechanism for roads that are essential for economic development in Saskatchewan. Strong infrastructure ensures products get to market and that road safety is met; a task that increases in difficulty as municipal coffers are constrained and the costs of infrastructure increase. Similarly, the need for increased and consistent funding for the Municipal Roads for the Economy Program (MREP) has become an important initiative as RMs seek to maintain their existing road infrastructure.

Municipalities have a responsibility to deliver essential services such as fire services, assistance at motor vehicle accidents and to help ensure public safety is met. The costs of these services are increasing each year and unpaid bills for services rendered negatively affect the sustainability of these services. In response to this, SARM recommends that the Government of Saskatchewan help establish an Emergency Response Fund (ERF). Fire departments that provide services can apply to the ERF to receive compensation in a timely and reliable manner rather than delivering services and being unsure as to whether or not they will be compensated. This creates sustainability and enhances public safety.

Municipal capacity development is an important objective of SARM as it creates efficiencies in municipalities, better program delivery and it creates more value and opportunities. SARM would like to see the Municipal Capacity Development Program (MCDP) receive renewed funding so that MCDP may continue anew and build on its previous successes in the province.

The final initiative that SARM would like to see investment in is funding assistance for municipalities as they work to ensure that their provincially regulated public grade crossings meet the provincial standards. The Federal Government offers assistance for federally regulated grade crossings and Provincial assistance would be greatly appreciated.

SARM appreciates the difficulty in creating the provincial budget each year and trusts that these requests will be taken into consideration.

1. Provincial Rat Eradication Program (PREP) and Beaver Control Program (BCP)

PREP has been an effective and efficient program that has proven its value in the quest to make Saskatchewan rat free. Since its inception in 2010, more and more rural municipalities have participated in the program. The previous year had a 97 per cent (288 RMs) participation rate from rural municipalities, making it the highest participation rate to date. That represents a one percent increase from the previous year.

When the program began in 2010, there was a 7.13 per cent infestation rate and in 2015-16 there was a reported infestation rate of 3.17 per cent. Any RM that showed an infestation rate of 15 per cent or higher received a follow up by the provincial coordinator of PREP and any RMs that reported a 10 per cent or higher change from the previous year were flagged and more information was requested. As more sites are inspected, communication and education still remains a key aspect of PREP.

The previous provincial budget allocated \$1.4 million to PREP and SARM is appreciative of those funds. The funds are used to ensure that Pest Control Officers have access to training and the necessary resources they need to do a satisfactory job. Continued funding for this program will ensure that PREP is able to further its successes in rat eradication. \$1.2 million of the funding was allocated for grant payments. The payment for each RM was calculated based on a formula of \$13.50 per farm site plus \$70.00 per township. Payments maxed out at 50 per cent of expenses reported for the year. This program ensures that no participant is paid more than 50 per cent of their reported expenses per year. The remaining \$200,000 was allocated for the administration of PREP. As in previous years, there will be top-up payments for eligible RMs. Remaining funds in the program that were originally budgeted for administrative costs or funds that were designated to go to RMs that did not participate or comply, will be used in the top-up payments.

Funding received for PREP will be used to continue educating RMs, training Pest Control Officers, sharing information, and grant payments and conducting site tests; all of which brings us closer to total rat eradication in the province.

The Beaver Control Program (BCP) began in 2011 to provide financial assistance to RMs and First Nations Bands, south of the Northern Administrative District, to control the beaver population in their respective jurisdictions. Beavers and the structures they build can create significant issues in rural Saskatchewan. Beaver dams may obstruct waterways, block culverts and flood farmlands, and damage property and other infrastructure. This then affects public safety and negatively impacts the economy. The BCP aims to remove problem beavers that create these structures.

The Province reimburses \$15.00 per adult problem beaver for the RM or First Nations Band, which provides a \$30.00 or more per removal of each problem beaver. Over the years funding of \$500,000 has consistently been provide. SARM appreciates the commitment made by the Government of Saskatchewan in assisting municipalities and First Nations Bands with nuisance beavers. The Ministry of Agriculture provided \$500,000 again for the 2016-17 year. This means that \$450,000 was available for distribution to

eligible RMs and First Nations Bands. The remaining \$50,000 is used for the administration of the program.

151 RMs and 8 First Nations Bands met the application deadline for the 2016-17 BCP year. 57 RMs have been selected which represents approximately 367 beavers and a maximum claim of \$5,500 per RM. Claims may be submitted up until February 15, 2017. Any program funds remaining will be divided among claimants having removed additional beavers above and beyond the maximum allowable amount.

SARM requests that funding for the PREP be increased to \$1.5 million, that funding for the Beaver Control Program remain stable at \$500,000.00, and that the Province provide commit 2 years of funding for these and other oversubscribed programs.

2. Public-Industry Partnership Program (PIPP)

The municipal (grid) road network in Saskatchewan totals 165,000 kilometres. This large network of municipal roads was not designed to support the heavy machinery that is used daily by the various industries located throughout rural Saskatchewan. The abundance of natural resources in Saskatchewan has led to economic growth and development in a variety of sectors including agriculture, oil and potash.

These industries are reliant on the municipal road network to transport their products to market and for transporting heavy machinery and equipment. However, the roads that we have were not built with all industries in mind. The municipal roads were originally designed to transport residents and some agricultural products. Today we are seeing these roads facilitate the continuous movement of industry traffic every day.

A negative externality created by the increased traffic on municipal roads is that it results in rapid deterioration of the road infrastructure. The RMs have the responsibility to maintain the road infrastructure and/or upgrade the roads to a standard that is suitable for supporting industry traffic. This is an integral role that the RMs play and the increased financial and capacity demands are often costly, and in most cases, not easily addressed with the financial and human resources available at the municipal level.

Limited public funds and a growing demand for infrastructure investment to accommodate economic growth have renewed an interest in public-private partnerships. SARM believes that industries such as oil, gas and potash, along with owners of grain elevator facilities would consider such partnerships if there was a program developed that gave more consideration in the eligibility criteria for less densely populated areas; thereby making it easier to access government funding for essential rural infrastructure projects.

We believe that an additional pool of funding ought to be made available for the construction and upgrade of roads specifically used by industry to develop and transport vital resources. A separate program would allow funding available through MREP to be utilized for different, also important, projects and/or to increase the scope of other municipal infrastructure projects deemed important by the MREP Committee.

We were pleased with the Premier's reference to PIPP funding in the 2014 Speech from the Throne and Province's commitment to assist us on this initiative. The PIPP Oversight Committee, comprised of representatives from SARM, the Ministry of Government Relations, and Ministry of Highways and Infrastructure, was established. KPMG was awarded the contract to develop PIPP. The consultants have to-date conducted their jurisdictional scans, literature reviews and relevant research. KPMG has now created models for how PIPP may function, how it will differentiate from MREP and how it will map to Building Canada Fund-Provincial Territorial Infrastructure Component. This work has been completed in early 2016 and PIPP is currently being circulated to the Federal staff in charge of the New Building Canada Fund by the Ministry of Highways and Infrastructure and the Ministry of Government Relations. Three pilot projects will be conducted using PIPP.

SARM requests that the provincial government allocate \$39.3 million to fund the new PIPP, including \$200,000.00 per year to SARM for the duration of the program for administrative support; and that \$39.9 million of the Provincial-Territorial Component (PTIC) be allocated by the provincial government as the federal contribution to develop the PIPP.

3. The Municipal Roads for the Economy Program (MREP)

SARM has been receiving funding from the Ministry of Highways and Infrastructure to deliver MREP since 2009. The purpose of MREP is to provide funding to RMs to assist with the costs of maintaining roads and infrastructure impacted by heavy traffic use by industry. This program provides annual funding assistance to RMs through three components:

1. Clearing the Path (CTP) Corridor Incremental Maintenance.
2. Heavy Haul High Volume Road (HHHV) and CTP Construction Projects.
3. Municipal Bridge Services.

Since 2005, SARM has been working with municipalities, the provincial government, and transportation stakeholders to create a primary weight haul network of municipal roads. More than 6,644 kilometers of primary weight roads have been designated under Clearing the Path since 2007. MREP provides annual incremental maintenance funding for CTP designated roads.

Financial assistance is also provided for Heavy Haul High Volume Roads and CTP Road Construction Projects as well as engineering support and funding assistance for the repair and replacement of aging rural bridge and culvert infrastructure. These infrastructure projects are essential to industry and the economy, as the infrastructure is critical for the transportation of goods to market and for the day to day use of businesses and ratepayers.

In 2009 the program received \$47 million dollars and was able to strategically invest funds to repair and build 285.8 kilometres of municipal road and invest \$11.8 million to improve municipal bridges/culverts. Unfortunately, due to budget restraints, MREP funding was unable to receive the same level of funding from 2010 to 2012. In 2013-14,

MREP received \$25.5 million. More recently, MREP received \$16 million for both the 2015-16 and 2016-17 budget years which represents a reduction of \$9 million from the \$25.5 million.

The current 2016-17 year has seen 33 CTP applications for a total of 165.3 kilometres at a cost of \$25,904,845.30 and 48 HHHV applications at a cost of \$81,289,741.80. The total costs of these projects are \$107,194,587.10. There were also 7 bridge/culvert applications deferred from the previous year, worth a total of \$2,310,242 and there were 257 new applications for a total of \$69,457,030. Altogether there is \$179,059,245.00 worth of project applications to MREP this year, resulting in \$163,059,245.00 unfunded. These numbers help demonstrate that MREP is a valuable tool for RMs.

Unfortunately, the funding for MREP has seen continuous decreases over the last few years although it does still continue to be funded on an annual basis. SARM is appreciative of the continued funding as it allows for continued funding of some RM projects. However, SARM wishes to see consistent funding at original levels to really assist municipalities with their road infrastructure projects. If MREP were to receive a two year funding commitment then RMs that qualify for funding would have adequate time to acquire any necessary permits and undertake engineering work well in advance of the start of the short road construction season. This would also allow RMs to tender early and accommodate the movements of SaskPower, SaskTel and other lines without requiring extensions for approval by the Project Management Board.

SARM recommends that funding for the Municipal Roads for the Economy Program (MREP) be restored to 2013-14 levels at \$25.5 million and include a two year funding commitment.

4. Emergency Response Fund and Mutual Aide

SARM sits on a Fire Protection Working Group (FPWG) that consists of representatives from the Saskatchewan Ministry of Government Relations, Ministry of Environment, and Indigenous and Northern Affairs Canada (INAC). One of the projects being undertaken by the FPWG is the establishment of an Emergency Response Fund (ERF).

The purpose of the ERF is to give municipal fire departments reliable and adequate compensation for services rendered. This fund would be accessible by local fire departments to cover the costs of services rendered when they respond to events involving Crown corporation infrastructure, Crown land, First Nations land, land adjacent to railways and/or for providing assistance to STARS air ambulances. Rather than requiring services agreements directly with First Nations Bands or other entities, fire departments would be able to bypass that process by applying for compensation from the ERF. This removes the administratively taxing process of collecting payments. This increases the sustainability of fire departments as it completely removes the risk of non-payment. The issue of unpaid bills is a growing concern amongst municipalities as firefighting services are essential for public safety. The ERF would help eliminate this issue when fire departments respond to incidents that meet the criteria of the ERF.

Furthermore, any surplus funds at the end of each year could be used to build local, including First Nations, capacity to respond to emergencies. Support from the Provincial

and Federal Governments would greatly assist the financial stability of the ERF and the continued involvement of INAC will help ensure that First Nations are a part of the process. Another benefit of the ERF is that it will help eliminate the need for hundreds of contracts between First Nations and INAC and/or municipalities and their fire departments, as the fire departments would be compensated through the emergency response fund. In other words, fire departments will respond to all incidents on First Nations land where the First Nations Band has indicated that they require services.

With an emergency response fund, tragedies such as the one that occurred on the Makwa Sahgaiechan First Nation would be avoided. In this case, the Makwa Sahgaiechan First Nation did not pay their overdue bills to the Village of Loon Lake's fire department for services previously rendered. As a result, the fire department provided written notice notifying the First Nation that fire services would be halted until payment was received; no payment was received prior to the tragedy. The ERF would eliminate scenarios such as this and ensure that public safety is delivered and remains sustainable.

Therefore, SARM wishes to see a renewed interest in the ERF by the Government of Saskatchewan. This initiative will ensure that our local fire departments can continue to deliver essential fire services to all communities across Saskatchewan. The public's safety is a critical duty of municipalities but it must be done in a sustainable manner.

SARM recommends that the Government of Saskatchewan take steps to establish an emergency response fund to be accessible to local fire departments to recoup the costs of providing fire and emergency services to at-risk communities and as a result of undetermined fire causes; thereby allowing them to operate efficiently and effectively.

5. Municipal Capacity Development Program (MCDP)

The Municipal Capacity Development Program (MCDP) was developed in 2006 by SARM, Saskatchewan Urban Municipal Association (SUMA), New North, and the Ministry of Government Relations to promote growth, cooperation and community development through inter-municipal partnerships.

The MCDP operated under the directives of a Management Committee comprised of one representative from each of the three current partners – SARM, SUMA, and the Ministry of Government Relations. The Management Committee was assisted in their efforts by a Steering Committee made up of four representatives of the partnering organizations.

The program staff included a Program Manager and a Project Facilitator. The MCDP played a great role in facilitating and promoting inter-municipal service delivery, contributing significantly to building an understanding of the value of planning and assisting in the establishment of inter-municipal partnerships across the province. This was recognized by the funding support provided through the federal – provincial Municipal Rural Infrastructure Fund and the federal Gas Tax Fund since 2006.

The MCDP is a unique partnership to support regional municipal cooperation and ultimately prosper Saskatchewan as a whole by building capacity at the local municipal level. The Premier of Saskatchewan recognizes the importance of regional planning as seen by the appointment of the Legislative Secretary to the Minister of Government Relations for Regional Municipal Cooperation. In addition, the *Saskatchewan Plan for Growth* supports municipal and regional planning efforts to address economic growth opportunities and challenges.

There are four key areas for service delivery where MCDP meets its strategic objectives:

1. Facilitate inter-municipal relationships and promote regional co-operation
2. Support the development of inter-municipal sustainability plans
3. Support municipalities to carry out sustainability plans
4. Provide municipalities the tools and abilities to maintain inter-municipal co-operation.

Since its inception, the MCDP has helped to establish more than 40 inter-municipal groups ranging in size from 2 to 44 municipalities. Four of the MCDP inter-municipal working groups have or are in the process of establishing a District Planning Commissions. Over 100 inter-municipal projects have been initiated by working groups established under the MCDP. These range from creating a formal group structure and strategic plan to larger scale projects with great funding commitments such as regional landfills and water pipelines.

In 2015, the MCDP Management Committee identified four specific areas of interest to guide its future mandate:

1. Asset management – to promote and plan the implementation of asset management to maintain and manage infrastructure in a cost effective manner.
2. Regional waste management - to promote regional waste management initiatives by sharing best practices and facilitating strategic planning and agreement creation to provide sustainable waste management.
3. Planning District and working group assistance - to maintain momentum and assist groups to realize the full potential of the regional services they can provide.
4. Regional recreation – to build regional recreation into municipal strategic planning by creating agreements that deliver effective and efficient services, resources, and facilities.

MCDP is currently unfunded and is therefore no longer operating as of March 31, 2016. The website is still accessible for those interested as there are resources available for municipalities. There has been a continued interest for MCDP services from both urban and rural municipalities alike; we continue to work with SUMA on the renewal of this important program. SARM believes that if MCDP were to be revitalized, a new program could utilize a cost recovery model to make it more sustainable in both the short term and long term.

SARM recommends that \$250,000.00 be granted to the municipal associations in Saskatchewan for four years to renew the Municipal Capacity Development Program (MCDP).

6. Provincially Regulated Grade Crossings

The federal *Grade Crossing Regulations* have recently been amended and this includes provisions that road authorities must share more information and that grade crossings must meet new standards. To assist with the upgrade of grade crossings, the Government of Canada provides funding through the Grade Crossing Improvement Program (GCIP).

GCIP provides a contribution of up to 50 percent of the cost of a crossing improvement project. The maximum contribution to a recipient for a single project is \$550,000. The purpose of this program is to assist municipalities in upgrading grade crossings and improve rail safety, as this work is a cost intensive undertaking. Financial and technical assistance is crucial in ensuring that municipalities are able to meet the new grade crossings standards and that the public's safety is ensured.

The Government of Saskatchewan has recently proposed guidelines for public crossings and as some grade crossings may require upgrades to meet the Public Grade Crossing Standards; SARM requests that a similar program be created to assist those municipalities that are required to upgrade their grade crossings. The GCIP provides a framework for a similar program to be developed in Saskatchewan. Financial assistance will ensure that any upgrades needed are completed in a timely manner by municipalities.

SARM requests that funding be made available to improve provincially regulated public grade crossings.