

## **Resolution 16A**

### **REQUEST TO SHARE COST OVERRUNS IN FUTURE FUNDING AGREEMENTS (PASSED)**

⇒ Town of Bridgewater

**WHEREAS** municipalities are faced with a significant infrastructure deficit; and

**WHEREAS** funding from other levels of government is critical to addressing this infrastructure deficit; and

**WHEREAS** funding agreements generally state that cost overruns are the sole responsibility of the Applicant; and

**WHEREAS** applications are generally developed from preliminary plans and estimates prepared in the year of application; and

**WHEREAS** design and construction phases can occur over multiple years and accordingly costs can escalate from original plans but still reflect real cost and value;

**THEREFORE BE IT RESOLVED** that the Union of Nova Scotia Municipalities write FCM and Service Nova Scotia and Municipal Relations requesting that future funding agreements state that cost overruns are eligible expenditures for all parties.

Forwarded to:

*Minister of Service Nova Scotia & Municipal Relations*

#### **RESPONSE:**

*I am pleased to send to you the Department's response to the 2012 Union of Nova Scotia Municipalities (UNSM) Resolution.*

*The Provincial Government recognizes the infrastructure deficit we are all faced with and is committed to helping address this issue. The statements made in the Resolution regarding cost overruns highlight an issue that has been inherent in past programs and one that we are working to find a solution for.*

*Our approach to reach for a better process in the new program begins with a clear definition of a cost overrun with our partners in the new program negotiations. We feel that the current definition is too narrow and we will attempt to have this broadened in our negotiations in order to address municipal concerns. This will reduce the number of misinterpretations and increase program clarity. As we*

*have done in the past, we will ensure that the Federal government is still aware of this issue and we will continue to work with them to explore other opportunities to alleviate this funding pressure.*

*We continue to advocate the message of building strong project estimates with contingencies for escalating costs to problem applicants but understand that there are many other factors at play that cause project cost escalation. It is how we can work together to try and solve these burdens that matters most.*

*The Honourable John MacDonell  
Minister  
May 1, 2013*