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Dear Candidate,

Strong municipal governments improve quality of life, while creating an environment for economic growth. Municipalities are a vital part of building strong communities and neighbourhoods, but municipalities are struggling. Important decisions need to be made to ensure that we have healthy, viable cities, towns and communities for the foreseeable future.

The Federation of Prince Edward Municipalities is committed to working collaboratively toward a long-term solution that includes:

- a fair and predictable municipal revenue sharing framework with the Province; and
- province-wide incorporation resulting in municipalities of sufficient size and tax base to be sustainable.

Last week, the Federation met with party leaders to discuss its vision of strong municipal governments across the Island. The Federation provided an information package that highlights the importance of strong and effective municipalities to the future of Prince Edward Island. A copy of that information package is enclosed.

The Federation hopes all candidates will embrace its vision.

Sincerely,

Bruce MacDougall
President

MUNICIPAL SERVICES:

The Federation of PEI Municipalities' vision for the Island is one where all Islanders live in strong vibrant municipalities and have the local services they need to build their communities.

Municipalities build public spaces to relax, be active and come together with our neighbours. Be it parks, playgrounds, boardwalks, trails, or sports facilities, municipalities build the places that make communities great places to live.

Municipalities build connected and economically viable communities through transportation networks and services, such as streets, sidewalks, public transit, and trails.

Municipalities build safe communities by delivering services that protect people and their property, including fire and police, emergency planning and response, land use planning, building standards, safe drinking water and street lighting.

The Island needs strong municipalities, but ours are struggling. Prince Edward Island municipalities receive the smallest share of total property taxes collected of any province and 1 in 3 municipalities is smaller than five square km.

STRATEGIC THINKING:

The future of the entire Island is dependent upon strategic planning that will build our urban and rural areas, protect the environment and create economic growth.

Municipalities build for the future with land use planning. Through thoughtful planning, municipalities can create a long-term vision that preserves the things we love about the places we call home, while protecting ground and surface water, agricultural land and fragile areas.

Municipalities build for the future with economic development. Municipalities can grow and build the right climate for businesses within our communities. Through providing modern infrastructure and services, promoting tourism, and attracting events, municipalities support economic growth.

Municipalities build for the future with environmental sustainability. Municipalities can protect our natural resources through sustainable wastewater disposal, tree planting, and energy and water conservation programs.

There are 73 municipalities, but most are very small and they only cover 30% of the Island. This leaves much of the Island without the planning and services needed to foster economic growth and puts our land, water and environment at risk.

SENSE OF COMMUNITY:

Strong Island communities are ones where residents feel connected and supported. Through municipal services, communities can be welcoming places where families stay and thrive.

Municipalities build a sense of community through beautification and creating the communities we're proud to call home. Building an attractive community adds value to your home, helps attract business investment, and builds pride in our communities.

Municipalities build a sense of community through activities, events and programs for all ages. From sports programs for youth, to seniors' activities and festivals, communities that play together build a positive place where people want to live.

Municipalities build a sense of community through culture and heritage. By investing in libraries, public art, historical activities and heritage preservation, municipalities honour our past and build for the future.

Islanders from tip to tip take pride in their city, town or community, yet more families feel forced to move away, and our sense of community is eroding— the status quo is not an option.



Municipalities are struggling.

In the years ahead, issues such as an ageing population, rural depopulation, growing public expectations, economic challenges, increasingly complex operations, and climate change will make it even more important to have strong municipal governments.



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In Prince Edward Island the current municipal system is not sustainable.

The Issue: Municipalities, large and small, are struggling. The current financial framework and outdated municipal boundaries are adversely impacting municipal governments.

There are 73 municipalities in Prince Edward Island, but they only cover 30% of the Island and most are very small. More than one in three municipalities has an area of less than five square kilometres. This includes seven of the 10 towns.

Many Island municipalities were formed using school district boundaries dating back to the 1800s. The districts were small because students needed to walk to school. These boundaries wouldn't work as school district boundaries today, and they certainly don't work as municipal government boundaries. Many small municipalities lack the capacity to provide basic services.

Municipalities build communities and enhance our daily lives, make our cities, towns and communities great places to live, and create conditions for economic growth. In the years ahead, issues such as an ageing population, rural depopulation, growing public expectations, economic challenges, increasingly complex operations, and climate change will make it even more important to have strong municipal governments.

The province and municipalities need to work together to find a province-wide solution that will ensure our communities are vibrant and strong for the future.



MUNICIPALITIES *build Communities*

A FUTURE WITH STRONG COMMUNITIES.

During the provincial election, the Federation of PEI Municipalities is calling on all political parties and candidates to commit to working with municipal leaders and residents to update the municipal system to ensure strong municipalities across the Island.

OUR POSITION:

The Federation of PEI Municipalities is looking for all political parties to support Island municipalities by creating a future where:

- There is a fair and predictable revenue sharing framework with the Province;
- There is province-wide municipal incorporation; and
- Municipalities are of sufficient size and tax base to be sustainable.

To achieve this there must be:

- Consultation and collaboration between the Province and municipal leaders; and
- Engagement with and education of residents on the issues and solutions.

All candidates are encouraged to:

- Learn more about these important issues that impact all Islanders.
- Ask your party leadership what they are committed to doing.
- Ask municipal leaders about their communities and their concerns.

The future of Prince Edward Island is dependent upon strong municipalities. If we want all parts of the Island to be vibrant places to live, work and play we must call for change.



Strong Municipalities Build Strong Communities and Strengthen the Province as a Whole

Modern municipal infrastructure, services and amenities are what make cities, towns and communities great places to live. Strong municipal governments improve quality of life and help build local communities, each with its own identity, while creating an environment for businesses to grow and prosper.

Unfortunately, municipalities are struggling. The municipal system in Prince Edward Island has fallen behind other provinces, and the gap continues to grow. The Federation of PEI Municipalities (FPEIM) believes that the current municipal system in PEI is not sustainable and that the provincial and municipal governments must work as partners to fix it. For local governments to be strong and effective, the system must include:

- A fair and predictable municipal revenue sharing framework with the Province; and
- Province-wide incorporation resulting in municipalities of sufficient size and tax base to be sustainable.

Reports dating back more than 40 years have drawn attention to problems that are undermining municipal governments and the province as a whole. Yet, with the exception of amalgamations twenty years ago, little meaningful change has occurred. In 2010, the late Ralph Thompson, gave us a new opportunity when he delivered his report as Commissioner on Land and Local Governance. The Province and municipalities must take advantage of this opportunity to make municipal governments viable and healthy for the foreseeable future; otherwise we will be faced with a financial, social and environmental burden that could have been avoided, and future generations will pay for our lack of vision.

We all want growing and thriving cities, towns and communities; our future success as local communities, and as a province, depends on it. Our vision of strong, vibrant municipal governments is achievable and we look forward the support and collaboration of all political parties to make it a reality.

As Commissioner Thompson said when he delivered his report, *“The best time to plant a tree was 20 years ago – the next best time is now.”*



Municipal Financial Framework An Overview for Candidates

In 2008, the Government of Prince Edward Island made a number of changes related to municipal finances, including converting tax credits for streets and police to grants. The Commissioner on Land and Local Governance reviewed this new approach and reported, *"The Province can arbitrarily determine the level of municipal grants without offering any real level of predictability for the municipalities."* The Commissioner recommended that a transfer of non-commercial property tax room be negotiated, at levels equitable to the provincial government and the municipalities. A joint provincial-municipal committee was established in 2010, but progress stalled late in 2012.

Municipalities that are experiencing significant growth have been the hardest hit by the elimination of tax credits, leaving councils without the necessary revenue to service new and expanding neighbourhoods. The negative impact will continue to grow with each passing year. This is not sustainable.

The Federation is requesting the support of all political parties for a jointly negotiated municipal financial framework that provides fair and predictable funding and includes a transfer of tax room from the Province to municipalities.

In 2008 the Province applied the equalization funding formula for the first time in 18 years. This positive change corrected significant inequities and underfunding to many municipalities with a below average tax base. In 2013, the Province stopped applying the formula.

The Federation is requesting the support of all political parties for a fully funded equalization program, beginning this year.

When the HST was implemented in 2013, municipal PST rebates and exemptions were eliminated. The Province introduced a \$1.8 million Provincial Infrastructure Fund (PIF) to compensate for the increased cost to municipalities. The design of the PIF presents challenges for municipalities. In addition, this new grant is not tied to actual costs and, like all grants, is at risk of being cut or eliminated.

The Federation is requesting the support of all political parties for replacing PIF with a rebate of the provincial portion of the HST that fully offsets the additional cost of HST to municipalities.



Island-wide Municipal Government An Overview for Candidates

There are 73 municipalities in Prince Edward Island - two cities, ten towns, and 61 communities. The combined area of all municipalities only covers 30% of the province, and more than one in three municipalities is less than five square kilometres in size. This includes seven of the ten towns. The boundaries of many municipalities are based on school districts created in the 1800s when children had to walk to school. These boundaries wouldn't work as school district boundaries today, and they don't work as municipal government boundaries.

According to Land and Local Governance Commissioner Ralph Thompson, "a sufficient population and tax base are key requirements for municipal governments to be viable." Unfortunately, only four municipalities meet the population and assessment thresholds referenced in his report.

Most small municipalities lack the capacity to provide basic municipal services taken for granted elsewhere in Canada. Municipalities, and the services they provide, play such a big part of what makes the Island a great place to live. We need strong municipalities covering the entire Island so councils can provide the services that give us a better quality of life and create conditions for economic growth.

Municipalities are a vital part of building strong communities across the province, but the current structure is not sustainable. The Province and municipalities need to work together to find a province-wide solution.

The Federation is requesting the support of all political parties for a province-wide solution that will ensure strong communities across the Island. This solution must:

- **include province-wide incorporation of municipalities of sufficient size and tax base to be sustainable; and**
- **be developed in partnership with municipal governments and in consultation with the public.**



Modern Land Use Planning An Overview for Candidates

Prince Edward Island is small and densely populated. It is the only province that relies entirely on groundwater for its supply of potable water. The Island economy is largely based on resource industries, linking the livelihood of many Islanders directly or indirectly to the land. The decisions we make about land use are critical to our future and that of generations to come.

Today, municipal land use plans only apply to 10 percent of the province. The remaining 90 percent of land is subject to provincial requirements that fall far short of what is needed to protect this vital resource. As a result, development has shaped PEI in ways that do not serve our long-term best interests. Our present approach has long-term negative implications for the environment, the economy, public health, and our quality of life.

FPEIM has been a vocal supporter of taking steps to strengthen land use planning and welcomed the appointments of the Commissioner on Land and Local Governance in 2008, and the Task Force on Land Use Policy in 2013.

Local land use planning is best delivered by municipal governments. Incorporated municipalities covering the entire province is the best option for delivering the service province-wide.

The Federation is requesting the support of all political parties for a long-term solution to address the need for modern municipal land use planning province-wide. That solution must:

- **build on the work that has been done by the Commissioner on Land and Local Governance and the Task Force on Land Use Policy; and**
- **be developed and implemented in partnership with municipal governments.**



A Commitment to Dialogue An Overview for Candidates

Municipalities are a vital part of building strong communities across the province, but the system is outdated. Important decisions need to be made to ensure that we have healthy, viable municipal governments for the foreseeable future. The public expects governments to work together, and rightfully so. When governments consult each other the result is better decisions for taxpayers.

The Federation and the Province frequently work together, but consultation on matters that affect our cities, towns and communities shouldn't be optional. Nobody knows municipalities better than FPEIM. The stakes are too high for us to not be at the table.

Formal intergovernmental consultation between provinces/territories and municipal associations is increasingly recognized as a best practice.

The Federation is requesting the support of all political parties for a formal memorandum of understanding on consultation between the Government of PEI and FPEIM.

A memorandum of understanding would establish a framework for dialogue that respects confidentiality and fosters a relationship built on trust and collaboration. This modern approach would result in better decisions and serve the best interests of Islanders.