



Municipality of the District of Argyle

Item: Drought – long term approach and recommendations

Date: May 12, 2021

## VISION

We see Argyle as home to a healthy and thriving rural population. Our municipality promotes and supports economic and social opportunities for the region and engages in the active expression of our unique Acadian heritage. We are a place of choice for rural living and are widely recognized for our warm hospitality and joie de vivre. Surrounded by fresh air and cool ocean breezes, we work and play in the great outdoors. People choose to live in Argyle because of our commitment to each other, to our community and to our neighbors. Argyle is a place we are proud to call home.

## **Background:**

Since 2016, the Municipality has approached our dry and drought like summers differently. While it is not uncommon to have dry summers in SWNS, the 2016, 2018, and 2020 summer seasons were particularly concerning, mostly to the severity and how often it has hit our region. Prior to 2016, our hazard analysis would have focused on flooding, as that was the most common occurrence impacting our region, so we adjusted to incorporate dry/drought weather as a part of our planning. The purpose of this document is to highlight our learning to this point, and modify our approach moving forward.

The long term, best solution for our region can be summed up in one sentence: **“an on-site solution is the best solution.”** This has been the recommended course of action from all professionals in the business, and the REMO coordinators that are on the ground attempting to aid our residents that are struggling with water issues. We have conducted interviews with hydrogeologists, environment, and many others that have all come to the same recommendation.

What we have:

We have comprehensive data on the residents that have taken advantage of the coupon system, that is, the system that allowed residents to use coupons to access water at local stores. This gives us good information as to whom is impacted by the dry season, and the type of well they have on that location.

What we have learned

We have learned that many people using the free drinking water system can very much afford to purchase their own, and there is ample supply of drinking water made available at all local and chain stores. While the service is convenient to the resident, it does not target those who actually need the help, and the convenience to the others is at a great cost to our volunteers, and to our budget. At the end of the day, they are no further ahead in solving their issue on site by taking advantage of our service. Which is why REMO made the difficult decision to cease that service. As most of the Councilors know already, the service was provided too broadly.

More importantly, if we provide the short-term assistance then there is little incentive for residents to remedy the problem themselves. It should be noted that we will continue to provide drinking water, but focused on those in need, and the need will be defined through existing organizations that are familiar with the individuals and families in need. Please find Janine Muise's status report on drought in the attached appendix.

### **Consideration of alternative service options – Public Well construction:**

We shall take a moment to express some of the work that has led us to our new approach. The road was not a direct route, rather informed through some learning we have obtained over the years.

The construction of a public well was the single largest request and inquiry received from Councilors and residents. Why don't we construct wells in communities for public use? It is a great question and one we explored. In fact, information was brought to council regarding the best areas for construction earlier in 2021. So, we actively considered it, and knew that we needed guidance from NS Environment on how best to approach this. To our dismay, we learned that the construction of such a facility would be extremely expensive. As there are no regulations that define such a well as anything other than drinking water. Since it is government constructed, and since there are no "non-drinking" water regulations, we would be forced to do an intense study to meet drinking water guidelines.

Basically, it would cost in the hundreds of thousands of dollars before we could actually put a well in. While it is not impossible to do, it is cost prohibitive. Furthermore, we still have issues on distribution. How will residents bring the water to their home? How will they use the water? Will they drop it in their wells even if we advise against it? Who will monitor the well for use? Again, this solution takes us away from the long-term solution, that is, the best solution is an on-site solution. It should be noted that this avenue will be assessed deeper thanks to an agreement with NSCC to assist us with solutions, at no cost to us.

We also considered subsidizing water deliveries from a local supplier, but in many cases, people were adding the water to their wells, essentially feeding the dry ground rather than the well itself. It is not good practice, so our policy should not support it financially.

We would recommend against these courses of action and instead use the funds to assist residents on their own property.

### **Our Role and our recommended approach**

Our revised role, as led by REMO, and supported by MODA is summarized in a two-tiered approach: Education on water conservation, and increased assistance in our Water lending program.

## **Education on water conservation**

REMO is the best lead on this item. The REMO website and information is being developed as we speak to offer valuable information to our residents which we will showcase in newsletters, and any other communication. This portion of our approach is well underway and highlights the value of water and how conservation can be key in these times. We will have great information to distribute to our residents.

## **Water Lending enhancement and subsidy**

If the best solution is an on-site solution, then our best option is to promote and enhance the water lending program, which is our best tool to address failed or failing residential wells. Currently, our Water Lending bylaw can be summarized as follows:

- Eligible residents must own and occupy the home.
- Maximum amount lent is \$15,000 per property.
- 10-year loan repayment plan, with no pre-approval requirements (i.e., no income test).
- Interest charged - 3.5%.
- If the resident misses multiple payments, it becomes a lien same as taxes payable, so our collateral on the loan is strong.
- Current lending = approximately \$450,000, 55 residents applied for loans.

The MGA rules on the water lending do not specify if grants are allowable. But it does give Council authority and flexibility in the policy itself. For instance, it does not say you must lend the entire amount, and it leaves interest at the discretion of Council.

### **Proposed enhancement:**

If we are of the mind that the best solution is an on-site solution, then we should build in additional incentives for residents to encourage participation. We currently have motions that limit the lending to \$500,000 without going into operating reserves for further lending, and our interest rate, while very reasonable, could be another issue for residents that are struggling financially.

### **Proposed amendments for your consideration- phase one.**

Increase threshold to \$800,000 to ensure we are allowing more residents to borrow money from us.

Create an income test, like our low-income tax rebate policy, that allows for a one-time interest reduction (in the form of a grant) that would be equivalent to dropping the rate from 3.5% to 2.0%, or lower. Specifically, the loan would have an interest rate of 3.5%, but a one-time interest reduction of \$700 at the front of the loan. Those that meet the income threshold would

get it, and those who don't not, will not. This is within the spirit of a policy that sets interest rates on water lending, we are simply deciding to apply the interest reduction at the front of the loan to entice the residents to apply.

In addition to these enhancements, we should request provincial support for our solution, allowing for further grants for those that would otherwise apply for assistance under Housing or Community Services. We can accelerate their program through our lending program. In changing our policy on drinking water, we are likely saving the province about \$30,000 per dry summer. Between this savings and a pre-existing program that funds housing improvements to low income residents, we can recommend a redirect of provincial funds to help low-income residents address their water issues. An actual grant amount has not been determined as of yet, as we will seek to consult with our neighboring municipalities to be sure we apply a grant consistently. Housing provides grants of up to \$6,500 for well construction for its clients.

We will be meeting regionally with municipal units from Yarmouth and Shelburne County in this approach. This approach, if successful, would result in a Provincial – Municipal subsidy for qualified residents. As mentioned previously, the MGA doesn't specifically allow a grant for this purpose, but it does authorize municipalities to spend money on municipal matters. Attached in-camera is a solicitor opinion on what Argyle may be authorized to do.

### **MGA considerations:**

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Water lending program is an eligible program under Section 81A 1(c) :

- (1) The council may make by-laws imposing, fixing and providing methods of enforcing payment of charges for the financing and installation of any of the following on private property with the consent of the property owner:
  - (a) energy-efficiency equipment;
  - (b) renewable energy equipment;
  - (c) equipment for the supply, use, storage or conservation of water; and
  - (d) on-site sewage disposal equipment.
- (2) A by-law passed pursuant to this Section may provide
  - (a) that the charges fixed by, or determined pursuant to, the by-law may be chargeable according to a plan or method set out in the by-law;
  - (b) that the charges may be different for different classes of development and may be different in different areas of the municipality;
  - (c) when the charges are payable;
  - (d) that the charges are first liens on the real property and may be collected in the same manner as other taxes;
  - (e) that the charges be collectable in the same manner as taxes and, at the option of the treasurer, be collectable at the same time, and by the same proceedings, as taxes;
  - (f) a means of determining when the lien becomes effective or when the charges become due and payable;
  - (g) that the amount payable may, at the option of the owner of the property, be paid in the number of annual instalments set out in the by-law and, upon default of payment of any instalment, the balance becomes due and payable; and
  - (h) that interest is payable annually on the entire amount outstanding and unpaid, whether or not the owner has elected to pay by instalments, at a rate and beginning on a date fixed by the By-law.

**CAO's Recommendation:**

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Recommend that Council approve an increase of the threshold to \$800,000 and we amend our policy for these enhancements, and work with our regional partners to apply a consistent approach.

**Suggested motion:**

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Move that Council approve an increase of the threshold to \$800,000 to ensure we are allowing more residents to borrow money from us.

Approved motion from 05252021 - Move that the CAO amend the Water lending policy to include the enhanced funding model and bring the modifications to Council for final approval.