

May 5th, 2021

Warden Eleanor Roulston
District Municipality of East Hants
Municipal Office
Lloyd E. Matheson Centre
15 Commerce Court
Elmsdale, NS
B2S 3K5

Subject: Construction Mitigation

Dear Warden and Council:

As you may know, the Canadian Federation of Independent Business (CFIB) is a non-profit, non-partisan business association that seeks to give independent business a greater voice in shaping the policies and laws that govern them in the country. With 95,000 members across Canada, 3,900 of which are located here in Nova Scotia, we are the country's largest organization exclusively representing the interests of small and medium-sized businesses (SMEs) to all levels of government.

We are writing today to outline the current realities faced by small business owners and bring forward municipally focused recommendations that support the small businesses in your community. It is more important than ever to incorporate and consider impacts on local businesses as part of the decision-making process of local governments, and to ensure councils support the small businesses who drive their local economies.

Nova Scotia's small - and medium-sized businesses, including those in your community, have been hit especially hard during the pandemic and government-mandated lockdowns. Revenues and staffing levels have continued to lag, pointing to a likely long recovery.

CFIB estimated last summer that Atlantic Canadian small businesses took on an average of \$88,021 in order to survive the pandemic, this totaled to \$5 billion in debt on the backs of small businesses in the region. As of July 2nd, 2020, most small businesses that incurred debt because of the pandemic reported that it would take more than a year to pay off.

Much like the continuing pandemic, the debt load of Atlantic small businesses has continued to rise. In February of 2021 CFIB estimated the average to now be at \$91,460 per business. The majority of small businesses still are saying it will take them longer than a year to pay it off. Considering the lower-than-normal revenue levels, this amount of debt and a business's ability to service their debt is highly concerning.

The pandemic has taken a toll on more than just business's finances; 44 per cent of small business owners in Atlantic Canada reported having to cope with psychological health issues related to the pandemic, and 46 per cent say they have been working more during the pandemic than ever before. New Brunswick's small business owners are faced with mounting debt, economic uncertainty and are anxious over what the future holds.

Despite the federally funded programs available to support small business owners, many continue to have difficulty with cash flow, and customers are not coming in at pre-pandemic levels. As mentioned, to keep their doors open, business owners have taken on significant debt to make up the difference.

While CFIB recognizes that your community does not share the same fiscal capacity as the province, or the federal government; there are still actions that can be taken by the municipality to support and reduce the burden on the city's small businesses.

Spring and Summer in Nova Scotia mark the peak of the province's construction season. As you are aware many municipalities across Nova Scotia use this time for development and infrastructure upgrades. While this is good news for growth; construction projects can have unintended consequences as they are carried out, including significant disruptions to small businesses caught in the construction zone.

While these disruptions can be harmful to businesses under normal circumstances, they could prove to be particularly devastating this coming construction season due to the precarious position many small and medium sized business are in due to the COVID-19 pandemic. Now more than ever, it's important to consider the impacts construction projects would have on small businesses who are struggling with reduced customer traffic. For these businesses dealing with the negative consequences of construction projects will be another significant hurdle that prevents already weakened small businesses from getting back on their feet.

While it is important to update and maintain existing infrastructure, CFIB would caution against using extensive construction or major road work as a strategy to mitigate some of the economic fall-out due to the COVID-19 pandemic.

CFIB research shows that since 2012, 41 per cent of Canadian small businesses have been disrupted by local construction projects. Of those, 65,000 small businesses have been affected in a major way that has often resulted in the business being forced to borrow money, relocate, or close down all together. Even short-term projects can have lasting consequences on business viability. The same survey indicates that only three out of ten small business owners have been satisfied with municipal governments' handling of local construction projects' negative impacts.

In the Fall of 2019 Quebec City became the third city in Quebec and Canada, to adopt measures to compensate merchants whose businesses have been affected by roadwork. This followed similar compensation efforts that were undertaken in the cities of Montreal and Lévis.

The impact of public works and construction is a very real issue for thousands of local businesses in Canada. Municipal leadership, as shown in Quebec municipalities on this issue, is needed to give local businesses the support they deserve and to pave a smoother road during current and future public infrastructure projects.

For these reasons CFIB continues to call on municipalities across the country, to adopt a coherent construction mitigation policy featuring a **compensation program** for cases where construction has a moderate to major impact, for an extended period, on the operations of local businesses.

CFIB recommends the following key elements for any construction mitigation policy:

1. A compensation program: For cases where construction has a moderate to major impact, for an extended period, on the operations of local businesses. It should be easy to understand and access, involve significant and timely monetary compensation (daily amount, tax break or other) and be financed by factoring in its costs in the budget of each project;
2. A no surprise rule: Mandating the municipality to track its infrastructure's condition and let local businesses know of construction well in advance. A good way for cities to do that is to have a state of the infrastructure report, a 5-year capital investment plan and relevant pre-construction consultation with all impacted businesses;
3. A comprehensive planning approach: Involving the "dig once" (avoid repeated digging or interventions on the same site) principle and the phasing/timing of projects;
4. An improved contracting process: With integrated mitigation provisions and a bonus/penalty system, especially for early/late completion of the project;
5. A business liaison officer: Who has managerial authority designated for each project.

Small businesses are the backbone of our local economies. It's imperative that local governments help them transition through the ongoing pandemic. Thank you for your attention to this important matter. If you wish to discuss this issue further, please contact me directly at: 902-314-0064 or by email at marley.kingston@cfib.ca

Sincerely,

A handwritten signature in black ink that reads "Marley Kingston". The signature is written in a cursive, flowing style.

Marley Kingston

Policy Analyst
Canadian Federation of Independent Business

C.c:
Kim Ramsay, Chief Administrative Officer