

Symposium on Municipal Structure Summary

Introduction

Almost every municipal council in Nova Scotia has had the topic of structural reform on its council agenda since the One Nova Scotia Commission released the *Now or Never Report* in 2014. Amalgamation, dissolution, annexation and shared service models are all terms familiar to municipal government leaders.

On April 8th, 2016, appointed and elected municipal officials came together to discuss topics, such as:

- Strategies for the Province to consider regarding those municipal units who do not wish to pursue traditional approaches to structural change;
- What additional information is needed from the Province?
- What questions need to be answered? By council and on behalf of the community?
- What are some alternative service delivery strategies?
- Public engagement strategies for municipalities wishing to discuss structural change prior to going to UARB;
- Long term vision for municipalities

This document will present a summary of the presentations and discussion that occurred at this event.

Overview of Structural Reform – Kevin Latimer

We can't afford our lifestyle – that's the problem. It's well known – and well documented. The solution need not mean wholesale cutbacks, but it does mean doing things differently – and having the courage to act going forward. That's the message I delivered to municipal leaders at the recent Structural Reform Workshop in Truro on April 8th, 2016. Too many of our municipalities are quickly heading to the edge of a fiscal cliff. Our current structures can't be sustained. Without change, citizens will suffer. Communities will witness further decline.

The present challenge is clear. Declining populations in many municipalities. Outmigration. Shrinking revenues. Increasing operating costs. Ticking infrastructure time bombs as the need for capital replacements collide with empty bank accounts. And understandable opposition from fewer taxpayers to more tax increases. The need for municipal reform has been well documented - and should be well understood.

The catalogue of studies is impressive - a wealth of knowledge and insight. The Pictou County Municipal Coordination Study of 1969. The Graham Commission Report of 1974. The Task Force on Local Government Report of 1992. The Towns Task Force Report of 2012. The Provincial-Municipal Fiscal Review of 2013. And, of course, the Ivany Report of 2014. And there have been others, all saying the same thing - the status quo is not sustainable. It's debilitating – impeding our progress.

Halifax is seemingly doing very well, as evidenced by the many cranes puncturing the skyline. The pressing issues today are focused mainly in rural Nova Scotia. The problems – and, as Ivany noted, the opportunities – are mostly in rural Nova Scotia. So, what are the opportunities? Clearly, we can make better use of substantial natural assets that reside in our ocean, in our forests, on our farms and in building more businesses capable of selling to the world. Our people are innovative and resilient, capable of building businesses which appeal to a world-wide market.

To realize our potential we must do a better job of marshalling local governments to deliver quality infrastructure and services at lower cost. This must happen in order to grow our population, attract businesses and create jobs. It won't be easy but the challenge and the need are clearly defined. We've already proven progress is possible!

Halifax and Sydney experienced forced amalgamations. Municipalities in Queens amalgamated voluntarily. Hantsport, Springhill and Canso recognized they had no future as free standing municipalities and opted for dissolution. Other neighbouring municipalities are successfully sharing infrastructure and services in innovative ways. While this is progress, it's too slow and costly. The world is moving much more rapidly than our pace of change.

Our municipal leaders are closest to their constituents. They hear on a daily basis about the need for clean water, waste disposal, good recreational facilities, police and fire protection. The stuff of day-to-day living and grassroots constituency work. Citizens may not get excited about "streamlined government". They do, however, understand affordability. They know the present system isn't sustainable without real change.

And they know, for example, that federal governments continue to make infrastructure funding available to municipalities that are well enough organized to make the appropriate funding applications at the appropriate times. They know that small and medium-sized business is most likely to locate where red tape is minimal and modern infrastructure is readily available for the right price. They know that the Province is motivated and committed to supporting real structural reform.

Taxpayers increasingly recognize that our existing structures – 50+ municipalities, each with their own bureaucracies – are not sustainable. They also know that they cannot afford significant tax increases that will be necessary if their municipalities, on their own, attempt to take on the expensive new infrastructure projects required to retain citizens and attract investment. In our globalized world, there are many things we can't control. Delivering high quality infrastructure and services at the lowest possible cost is decidedly within our control.

Citizens don't want more talk. They want action – that produces vibrant and prosperous communities all across Nova Scotia. A wise person once said: "The best way to predict the future is to go out and invent it." Let's get a plan – and deliver the municipal governance we need and deserve for the 21st century.

Panel on the Benefits Realized from Amalgamation

Mayor Mike Savage, Halifax Regional Municipality

The key benefits of amalgamation are often mischaracterised as savings arising from fewer councillors and less administration. The true benefits of amalgamation are the economic benefits which result from having a shared vision. Amalgamation enabled the former municipalities within HRM to work together on economic development and land use planning.

Cooperation has replaced competition and we now have the ability to control the levers of economic development. Working together as a region has allowed HRM to tackle urban sprawl and mitigate the impact of business parks on our downtowns. Our combined debts have decreased from \$350 million immediately prior to amalgamation to \$250 million today. Public transit has improved and we have added 200 buses to our fleet. We have cleaned up Halifax harbour and added community centres across the municipality. Fire services, waste management and recycling are also much improved since amalgamation.

Having a shared vision has helped our region and without it we would probably be dealing with uncontrollable urban sprawl, competition between business parks and struggling with our debt load. From an economic perspective amalgamation has been a boon to our region. Some people do blame certain problems on amalgamation but amalgamation has enabled our region to speak with one voice and by and large, it has been a success.

Mayor Christopher Clarke, Region of Queens Municipality

The decision to become a single municipal unit has been very advantageous. Amalgamation allowed our region to: reduce the number of staff; save significant dollars; reduce the tax rate; eliminate fees; and pay off the debt of the former Town of Liverpool. The tax rate for the former Municipality of Queens County remained stable and the tax rate for the former villages actually dropped. Our region now has one central sewage system instead of three; by-laws have been standardized; public works operates more efficiently; and the siting of the Emera Centre was free of intermunicipal conflict.

The public must be made aware of the savings, opportunities and costs of amalgamation before you begin the amalgamation process. We learned the importance of managing the loss of elected and staff positions. It is also important not to cut too deep and to bring in outside accountants to close out the books so staff can focus their attention on the creation of the new municipal entity. Don't ignore or delay dealing with difficult issues; these issues must be dealt with upfront. Doing the right thing will earn the public's respect. It is also important to invest in as many communities as possible so that the benefits of amalgamation are spread evenly across the new unit.

Mayor Cecil Clarke, Cape Breton Regional Municipality

The statistics for CBRM are not as positive as those for HRM and the Region of Queens but the reality is that without amalgamation those statistics would be much worse. People are beginning to recognize the need for an urban core in Sydney. Amalgamation brought together:

one county, one city and six towns. At the time five out of these seven units were in deficit. Prior to amalgamation we had a total of 71 councillors, we now have 13. The pressure of debt is still being dealt with but CBRM has been able to reduce this debt by \$37 million over the last five years.

The lessons we've learned are that it is important to draw people in, to inform them and to include elected and appointed officials in the restructuring process. It is important to appreciate the needs and desires of communities throughout the region. The biggest benefit of amalgamation has been regional planning. CBRM now has a regional planning strategy, our public works and recreation departments, as well as our transit system, are better than they were prior to amalgamation and are continually improving.

Before you consider amalgamation you need to ensure you have the proper tools and supports in place. Consider the experience of churches, those that are succeeding are doing so because they've made hard choices. Before there is growth there must be stability, this underlines the importance of having a five year strategic plan towards stability. Amalgamation was necessary for CBRM and was a good way to move forward based on the CBRM experience.

Risks of Structural Change

Those in attendance were asked to discuss the risks of structural change. Each table then presented the risks they had identified to the group.

Risk of Losing Control

- Fear that municipal units with assets will lose control of those assets (i.e. electric utilities)
- Fear town interests will be minimized and not reflected in new municipal structure
 - Rural/urban Balance of power, representation, service delivery
- Loss of control over administrative process, bureaucracy will grow, costs increase
- Loss of community identity, culture and language (for Acadian communities)
- Loss of voice/influence within province
- Loss of access to quality services
- Loss of ability to control destiny

Risk of Rejection by Citizens

- Community engagement will fail and citizens will reject restructuring
- Risk of miscommunication. Timing of communication is critical
- Costs, well managed by small units now but will larger units be more expensive?

Risk of Reduction in Council/staff positions

- Elimination of positions, elected and non-elected, need to recognize and manage. Demographics mean there are fewer staff available/volunteers.
- Adding more work to councillors already, they are there to represent the people, can't thin out, geography and distance are factors

- Many councillors not paid much, but gain democracy with numbers we have. Representation is important.

Top Three Motivators for Structural Change

Those in attendance were asked to vote on the top three reasons for pursuing structural change.

1. Rationalization of the cost of service delivery;
2. Centralization of decision making to facilitate economic development; and
3. Regional Control of economic development.

What do Municipalities Need to make their Decision?

Those in attendance were asked to identify the information necessary to determine whether structural change was the right decision for their municipality.

- How do municipalities obtain financial data before making the decision to apply to the UARB?
- What is best for citizens? How do you find out that information? How do you communicate that information?
- What if citizens and councils differ in their views on the need for amalgamation?
- Perception is that amalgamation is needed everywhere, but it isn't, when is it?
- Is a plebiscite binding and when should it be introduced in the process?
- How can communities that are doing the right things be rewarded?
- What are the alternatives to amalgamation and dissolution?
- What if one unit wishes to amalgamate and others don't?
- Do all amalgamations result in the desired outcome?
- Can the UARB overturn the results of the plebiscite?
- What value does amalgamation provide to citizens?
- How do we explain benefits to the general public?
- How much debt does each unit carry?
- How many units are involved?

Questions to be asked of the Department of Municipal Affairs

Those in attendance were asked to identify what questions they'd like to ask the Province. This list of questions will be sent to the Department of Municipal Affairs in advance of the UNSM spring workshop.

- Does amalgamation have to be county wide to receive provincial funding? What if only some municipalities within a region wish to amalgamate?
- What about villages? Can they be forced to amalgamate if county and other units move towards amalgamation?
- What resources are available to municipalities to explore other models of governance?

- Does province want local government, and what do they need from local government?
- Which governance models are supported by the province and which aren't?
- What information exists about amalgamations in similar jurisdictions?
- Is the province funding the studies? Are we bound by the studies?
- At what point would the province force amalgamation?
- Is the province open to other models of governance?
- How does the province interpret municipal reform?
- How much provincial funding is available?
- Who makes the final decision?
- Is a plebiscite mandatory?

What are the Alternatives to Amalgamation or Dissolution?

The group discussed other alternatives to amalgamation and dissolution. It was noted that the *Municipal Government Act* also allows annexation, although this section of the Act has never been used successfully. Shared services were also discussed. It was noted that the promotion of shared services also benefits the Province. The group discussed whether there should be rewards for those who make tough decisions, which may be unpopular politically, in order to ensure sustainability.

The group briefly discussed regional and two tier governance structures; the Region of Peel in Ontario was provided as an example of a regional model. It was acknowledged that amalgamation and dissolution are a means to an end and that the language surrounding these processes is very divisive. It was suggested that more attention be given to outcomes instead of the process of restructuring. Perhaps if municipalities focused on the desired outcome of restructuring it would be easier to develop a process that achieves the desired outcome.

Panel on Public Engagement/Roadblocks

Warden Ron Baillie, Municipality of Pictou County and CAO Lisa MacDonald, Town of New Glasgow

The Ivany Report created a sense of urgency in the Pictou region. As a result, external groups started to talk about unification and received strong interest from the public. The decision to amalgamate is voluntary until June 2016. This allows each municipality to pull out of the process if the results of the plebiscite indicate residents are opposed to amalgamation.

The MOU Steering Committee began the process by developing: a communications plan; guiding principles and objectives; and by determining key audiences and core components. 22 stakeholder engagement sessions will be held in the community on the MOU with 13 sessions on governance and boundaries. The MOU Steering Committee has committed to share all info, regardless of whether it supports amalgamation, but the studies have been very positive.

All meetings have been open except contract negotiations. The key message the MOU Steering Committee has been trying to advance is that the Pictou region is stronger together. We have been attempting to communicate this message using facts and evidence – dollars to be saved, capital plan increases, reserves and debt ratio improvements. Support from the municipal advisors has been exceptional throughout this process. There is misinformation being circulated – this underlines the importance of keeping the focus on the rationale for amalgamation.

Mayor Rachel Bailey, Town of Lunenburg and Deputy CAO Alex Dumaresq, Municipality of the District of Lunenburg

4 out of 5 municipal units in Lunenburg County have been discussing municipal restructuring and which governance structure is best. Talks are currently stalled, as the units are currently waiting for some answers from the Department of Municipal Affairs. These meetings have been open and the media has expressed interest but few members of the public have attended. While the units in Lunenburg are not adverse to change, it is felt that the question should focus first on what is the function of local government, before you design the governance structure.

It is important that current levels of community engagement and contact with elected officials be maintained. It has not been shown how current levels could be maintained in amalgamated form. The group is currently looking for information as to the appropriate levels of elected representation. The group is now looking to facilitate engagement with the community and is interested to determine the best forums for engagement.

We need to identify the challenges facing us before we are able to communicate to the public why new governance structures are needed. Having a clear definition of the problem is key. If the problem is not defined it is impossible to evaluate which options are most able to address the problem. It is of the utmost importance to have detailed information prepared before engaging with the public, as public engagement is quite often an exercise in refuting the loudest, most ill-informed voices in your community.

The Province has a process and it appears to be working well for those who know they want to go forward. However, it is important for municipalities to be able to access research funding before committing to structural change. It is suggested that municipalities work with the province to develop a staged approach, where each stage increases the commitment to structural change but that increased commitment is accompanied by increased funding. Keep fine tuning the problem, and fine tuning the solution, at each step of the way. At the final stage, all parties can agree on the reasons and evidence that structural change will assist in achieving goals.

Hon. John Leefe, Transition Coordinator, Parrsboro and Springhill

Public engagement is often limited in small communities. The public are often disengaged from day-to-day local government and only become engaged when a crisis arises. Councils also don't like to give troubling views on the municipality's affairs. It is now necessary to fully understand auditors' reports, annual letter, finances, and what trends are for tomorrow. It is very important to be engaged with the present, not necessarily to understand how we got to where we are, but to understand where we're headed. It is key to understand demographic trends, economics and

property value trends – before a crisis arises. The world around us is changing. Change is part of life and as government officials we can choose to either be standard bearers or pall bearers.

It must be acknowledged that the basis for decision making is good evidence. Once council has been engaged on an issue, only then are they able to engage the public. The UARB looks at evidence, not public opinion. It is a huge responsibility to be motivated by evidence, not belief. It must also be noted that a Council will never have all the evidence, it can only gather the best evidence available and make a decision. There are many options available to local governments looking to affect change such as increased cooperation with neighbouring units.

Reflection Panel – Hon. John Leefe, Transition Coordinator, Parrsboro and Springhill

The restructuring process available in 1990s is significantly different than the process available today. Cooperation and engagement are much more prevalent among neighbouring municipal units than in the past. Sharing of services is positive but can be negative at times (such as the Windsor Fire Department/West Hants fire services debate). Mutual trust and respect are required between councils and between the public if municipalities are going to move beyond shared services and develop a partnership of some form.

It is of the utmost importance for councillors to become fully engaged in understanding the human and fiscal capacities of their units. Intense work occurs at the staff level and significant demands are made of staff; councillors often don't understand the level of that demand. New accounting rules have had a tremendous impact on the public service. More is now required of our staff and many units do not have the capacity to carry this increasing burden.

Few units, especially smaller units, have succession plans. Many units are struggling to fill vacant positions with staff who have the required qualifications and expertise to meet the expectations of an increasingly complex regulatory environment. People with the required skills aren't always willing to move to smaller communities. Today's household requires both spouses to be employed and it isn't always possible for both spouses to maintain their careers in a small community.

As employers, we need to be able to attract people. Larger municipalities are better able to address these issues by offering more attractive compensation packages but not all units have the resources to do so. We need to look to creative solutions such as the sharing of human resources between neighbouring units. However, this is not always possible given all that is required of today's Director of Finance or Chief Administrative Officer.

For some units, structural reform may be the only answer to these issues. How we engage our residents is important. The key question is how this will affect the residential tax burden, as taxes are central to everyone's interests, particularly with demographic trends. It is important to note that the loss of community identity is a red herring; this has not been the experience of those Nova Scotia municipalities that have already gone through the process of structural reform.

You must clearly understand where you are, what the evidence is telling you and you must share this evidence with public. Give them time to digest it and only then move forward with the formal restructuring process. Take some time to consider your position, this approach has worked well in Bridgetown and Parrsboro. The UARB process has been working reasonably well when it has been requested. We also must acknowledge that the Province is not ordering change but it is there to support those who are interested in pursuing reforms. The Province is there to help your community; it is not there to hinder or impose solutions.