Improving fairness in allocating the cost of municipal services

A review of the options, facilitated by StrategyCorp

Town of The Blue Mountains
June 29, 2017
This Presentation

To advise the Town of The Blue Mountains as to its range of options as it considers its role in Grey County
Defining the Problem
The Problem

The Town of The Blue Mountains is home to roughly 7% of Grey County’s population but is paying 26% of the County levy...
Two Broad Approaches to the Problem

“Blue Mountains pays more than it should to the County”

Change the Structure of Grey County

Work with Grey County to ensure Blue Mountains gets a “fair” deal
A Closer Look at the Problem

“Blue Mountains contributes more more than our fair share to Grey”

“All Ontario Municipalities -- including Blue Mountains -- need a new deal"

“Blue Mountains does not get its fair share from Grey”

“Change the contribution model"

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How this discussion links to the Strategic Plan – strategic goals

• **Vision**: The Town of The Blue Mountains will support our diverse community by managing change through innovative leadership, fiscal responsibility and commitment to excellence.

  - Create opportunities for sustainability
  - Engage our community and partners
  - Support healthy lifestyles
  - Promote a culture of organizational and operational excellence
  - Ensure our infrastructure is sustainable
How this discussion Links to the Strategic Plan

• Council identified fiscal relationships with the County as a key priority

**Constantly Identify Opportunities To Improve Efficiencies and Effectiveness:**

Engage the County in discussion of services, such as road maintenance responsibilities:
• a reduced County levy?
• or more County investment/expenditures in The Blue Mountains?
Other Links to Strategic Plan

- Many key initiatives rely on Co-operation...

**Support Value-added Agriculture and Culinary Tourism**: Work collaboratively with OMAFRA and the County and the agricultural sector to strengthen the industry through innovative initiatives.

**Promote a Diversified Economy**: Continue to support County efforts for SWIFT (South Western Integrated Fiber Technology).

**Strengthen Partnerships**: Work collaboratively with other levels of government and municipalities and private partnership to seek opportunities to share information, services and equipment in an effort to maintain or improve service levels and reduce costs.

**Retain Existing Business**: Explore the expansion of a regional transit network.
TBM should consider Fiscal Fairness in context of benefits from Collaboration
TBM should consider Fiscal Fairness in context of benefits from Collaboration

• Financial factors go hand-in-hand with other operational matters requiring collaboration
• The right solution must have regard to the overall relationship and deliver appropriate value-for-money for Blue Mountains taxpayers
Structural Options for Change...
Structural Options for Change

Two Topics

Range of Structural Options

Assess what options (if any) might fit Blue Mountains
Structural Options

Options

Single Tier
- County; or
- City; or
- Separated municipality

County Two Tier
- Including having cities “re-joining”

Regional Two Tier
- Regional or district municipality
## Single Tier Municipalities

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<td>• Generally large, self-contained service areas with sole responsibility for municipal services, including all consolidated municipal services</td>
<td>• The cities of Toronto, Ottawa, Hamilton and Greater Sudbury, Norfolk, and Haldimand single-tier counties</td>
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<td><strong>Amalgamation within Former Counties</strong></td>
<td>• They have sole responsibility for municipal services, including most consolidated municipal services</td>
<td>• Municipality of Chatham-Kent, Prince Edward County, and the City of Kawartha Lakes</td>
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<td><strong>Separated Municipalities within Southern Ontario</strong></td>
<td>• They are not members of the upper tier (county) municipalities in which they are geographically situated, although they share responsibility with them for consolidated municipal services and some other services</td>
<td>• Cornwall, Barrie, Brockville, Brantford, Guelph, Kingston, London and Windsor; the towns of Gananoque, Prescott, Smiths Falls, St. Marys, and the Township of Pelee</td>
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Creating Single Tier Municipalities

1. Created by the amalgamation of former regions

2. Created by amalgamation within former counties

3. Created as separated Municipalities (Southern Ontario)

Sole responsibility for municipal services, including most consolidated municipal services (i.e., social welfare functions – Ontario Works, social housing, land-ambulance, child care, long-term care, etc.)

Share responsibility with Upper tier for consolidated municipal services
Purpose of Two Tier

- Upper tiers have always existed with these goals in mind...
- Create governance units of sufficient size to leverage capabilities

Pooling:
- Resources
- Capacity
- Consolidated delivery (for province)

Matters of shared regional interest
- Major roadways, other infrastructure, human services, often regional planning)
Two Tier Municipalities

- **Regional municipalities** typically control many significant and costly functions, including water, wastewater, solid waste, capital finance, regional planning and infrastructure, police, social services, public health, etc.

- **Two-tier counties** typically have fewer powers than Regional Governments.
“Flavours” of Counties: what they do - stronger and weaker

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Traditional County services:
- Long-term Care Homes
- County roads

Provincial functions:
- Ontario Works, Land ambulance, etc.

Service migration:
- Infrastructure
- Human Services
- Community Planning Services
- Libraries
- Social Housing
“Flavours” of Counties: appropriateness of boundaries

• Boundaries set in the 19th century may no longer make sense today
• Over-the-boundary urban pressures
• County roads serving non-county municipalities (i.e., Separated municipalities and neighbouring County)
• County boundaries don’t correspond to regional “community of interest”

Change Internal Boundaries?  Change External Boundaries (leave, or bring another municipality in?)
“Flavours” of Counties: migrating to a new County portfolio of service-delivery

- **Traditional**
  - Long-term care, arterial roads, agriculture

- **Reformed**
  - Traditional, plus the addition of social services and county planning

- **Restructured**
  - Reformed, plus water and wastewater services, local planning services, economic development, and cities re-joining counties
Assessing whether structural options could meet the needs of The Blue Mountains:

Two Tests

Would it help solve the problem?

Is it doable?
How Ontario looks at restructuring: Changing Lenses

• Delivering “better” government
  - “Efficient” government: Previous government was more motivated to make change to “save money”
  - Government that is “Close to the people:” A priority of the Current Premier whose activist roots were in opposing “Megacity”
  - Sustainable: In the roots of county and government is attention to regional equity. Ministers tend not to approve boundary changes that leave financially unsustainable “leftovers”
  - “Conflict Avoidance”(political): Leave it up to local initiative
  - “Fairness” is often a casualty
Municipal Restructuring: The Rules

• The *Municipal Act, 2001* (sections 171 to 186) sets out a process for locally developed proposals for municipal restructuring
  - Including annexations and amalgamations
• A proposal is implemented through a Minister’s order, at the Minister’s discretion
• Proposals describe details such as new boundaries, effective date, council composition and transitional provisions
• Before voting on a proposal, the council of the municipality must give notice, hold at least one public meeting, and consult with persons and bodies as the Minister of Municipal Affairs may prescribe
The triple majority

- Applies to two tier municipal government

Proposals require the support of:
- Support by the upper tier
- A majority of lower tier councils
- Councils of any separated municipality included in the proposal must also consent.

Majority vote of upper tier council...

...Plus a majority of lower tier councils...

... that represent a majority of electors within the affected municipalities
Municipal Restructuring: The Rules

Although there are legal processes for restructuring, implementing these processes proves difficult due to the impact of political obstacles

• The process is **challenging** for the province,
• And is typically **unpopular** at the local level
• The provincial signals are pretty clear:
  - “Sure you can restructure...if you can agree on it.”
Working with Grey County to ensure Blue Mountains gets a fair deal...
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Change the contribution model

Change the County expenditure budget

Reduce / change the portfolio of County Services

Reduce / change the overall portfolio of municipal services and funding tools
Change to the Contribution Model

- What is the most appropriate model?
- Could do it in whole or in part: Should “property-related services” be treated differently than “services to people”?
- Blue Mountains would benefit from a shift to per household or per capita models
- But Provincial law says County levy based on equalized assessment and tax classes
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Change the County expenditure budget

• County could determine a budget allocation that spent more in Town of The Blue Mountains – e.g., economic development benefits all County municipalities

• This would not necessarily lower the amount levied, but it would deliver better “value” to Town taxpayers
Reduce / change the portfolio of County services

• County could
  1. Reduce overall levels of service
  2. Migrate services to local municipalities The right mix of services migrated could lower the burden on the Town.
  3. Allow opting out of services or direct chargeback fee for service model
  4. Change from property tax to user fee

• In each case there would be an offsetting reduction from the levy.

• Would require consent of majority on County Council
Reduce / change the overall portfolio of municipal services and funding tools

• Ontario wide
• Support campaign of Association of Municipalities of Ontario
• Would improve overall sustainability of the Town but not address the fairness issue
Things we control now...

**How we divide the cost**
- Per Capita
- Per Household
- Equalized Assessment
- Legal restrictions on formula

**How it is paid for**
- Shift from property tax to utilities, user fees, fee-for-service, and other non-tax revenues

**What gets done**
- More service for the same price
- Less service for a smaller price (municipality)
- Less service for a smaller price (county-wide)

**Who does it**
- Service migration from County to lower tier in exchange for a lower county rate (as a result of removal of a county-wide service)
The most practical/promising options

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