

REPORT OF COMMISSIONER

MADE PURSUANT TO THE

MUNICIPALITIES REPORTS REGULATIONS, 1980, AS AMENDED

IN RELATION TO THE PROPOSED AMALGAMATION OF THE

TOWNS OF JERSEYSIDE, PLACENTIA, FRESHWATER, DUNVILLE

AND POINT VERDE

Commissioners: Donald C. Peckham

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Oct. 1990

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SECTION 3

3.0 - Background

3.1 - Dunville

Dunville is located on Highway 100 and it has a population of 1,833 (1986 census), which showed an increase in population of .9% since 1981. It has 518 residences and 8.3 kms of roads.

The Town has a volunteer fire brigade, a garbage truck, loader, dump truck and other heavy equipment. It collects its own solid waste which is disposed of at Dunville's Town Dump.

The Town is 90% serviced by water and sewer.

It charges 7.5 mills for property tax and has a \$100 poll tax. The Town has a municipal plan, as well as zoning and building regulations. Its revenue and expenditure (1987) \$571,153.00 and \$565,697.00 with a surplus of \$5,456.00.

The Town staff comprises of a town clerk, three full time and two part time staff. The five year plan for the town indicates a water and sewer requirement estimated to cost \$500,000.00.

3.2 - Jersey

The Town of Jersey is adjacent to Dunville and located off highway 100. It has a population of 764 with 198 residences.

The Town has 5.3 kms of roads, recreation facilities comprises of a softball field and two playgrounds and town equipment comprises of a truck. The town collects its own solid waste disposal, which is disposed of at its own dumpsite.

The Town is serviced 100% with water and sewer. It charges a 7 mill property tax, a \$125 poll tax and \$144 for water and sewer.

Its revenue and expenditure (1987) was \$162,083.00 and \$177,657.00 with a deficit of \$15,574.00. The town had an accumulated deficit of \$72,770.00.

Town staff comprises of a Town Manager and one full time staff. It also owns a town hall.

The Town has interim development control regulations and has adopted the National Building Code as its building standard.

3.3 - Freshwater

The Town of Freshwater has a population of 1,219 with 316 residences. It charges a property tax of 7 mills and a water and sewer rate of \$144. In 1987, its revenue and expenditure was \$282,662.00 and \$299,864.00 respectively with a deficit of \$17,202.00.

The Town has adopted a Town Plan and has the National Building Code as its building standard. It has 6.6 kms of road. Other town assets include a softball field and a playground, two pick up trucks, as well as a town hall/fire hall/library/municipal garage and a 625 fire pumper and a rescue unit.

3.4 - Placentia

The Town of Placentia has a population of 2,016 with 578 residences. It charges 9.5 mills property tax, as well as a poll tax of \$120.00 and water and sewer rates of \$180.00.

The Town has adopted a town plan, as well as land use and zoning regulations and the National Building Code as its building standard.

It has 17.7 kms of roads. Other town assets include three softball fields, two tennis courts and three playgrounds. It has a fire department comprising of two fire trucks and a rescue unit. The town also has a garbage truck, a dump truck, a loader and a pick up and its buildings comprise of a town hall/fire hall/garage complex.

The town collects its own garbage.

It is 100% serviced with water and 70% serviced with sewer. Town staff comprises of a town clerk, four full time and two part time members.

Its revenue and expenditure in 1987 was \$1,382,933.00 and \$1,426,073.00 respectively with a deficit of \$43,140.00 and an accumulated deficit of \$134,748.00.

The Town's five year plan indicates a requirement of 1.5 million dollars for water and sewer and street paving requirements.

3.5 - Unincorporated Area of Point Verde

Point Verde has a population of 330 in 91 residences. It is the Citizen's Committees' wish to become a Local Service District.

The town collects its own garbage, which is disposed of at the Placentia dump.

SECTION 4

4.0 - The Public Hearing

A joint public hearing was held in the Town of Placentia on March 1, 1990 and a second public hearing was held in the Town of Placentia on July 30, 1990.

4.1 - Written Briefs were presented as follows:

- (i) Mr. Bill Hogan, M.H.A.
- (ii) Joint Mayors Committee - Felix Collins, Chairman.
- (iii) Residents of Point Verde Area (with a petition - B. King).
- (iv) Town of Jerseyville.
- (v) Kinette Club of Dunville and area.
- (vi) Mr. Bill Hogan (M.H.A. - July 30th).
- (vii) Joint Mayors of Greater Argenta - Felix Collins, Chairman (July 30th).
- (viii) Residents of Point Verde Committee - Wayne Browne (July 30th).
- (ix) Town of Dunville - Mayor M. King (July 30th).

4.2 - Oral Presentations were made by the following:

- (i) Doug Manning.
- (ii) Lloyd Major.
- (iii) Kevin Power.
- (iv) Dan Greene.

- (v) Peg Byrne.
- (vi) Mike Kerrivan.
- (vii) Ian Walsh.
- (viii) George Adams.
- (ix) John McCarthy.
- (x) Pius Murphy.
- (xi) John Maher - Mayor of Freshwater.
- (xii) Nick Careen - Placentia Area Development Association.
- (xiii) Mike King - Mayor of Dunville.
- (xiv) Marie Marshall.
- (xv) Pat Callahan.
- (xvi) Mr. D. O'Keefe - Town Manager, JerseySide Council (July 30th).
- (xvii) John McCarthy (July 30th).
- (xviii) Nick Careen - JerseySide (July 30th).

4.3 - Written Statements were received outside the hearings from:

- (i) ABK - Point Verde (March 16th).
- (ii) Dominie J. Rowe (April 6th).

SECTION 5

5.0 Record of Briefs

5.1(i) Mr. William Hogan, M.H.A.

Mr. Hogan spoke about the historic nature of the Placentia area and of its potential for further development. He believed the area could be enhanced if it were managed and promoted as one municipal entity. The primary objective of amalgamation should be to put in place the services, the infrastructure and the human resources needed to achieve the full potential of the area.

He noted that the idea of amalgamation has been discussed and debated for many years, but that progress towards this objective has been often obstructed by the Department of Municipal Affairs. He also criticized government's current approach to amalgamation which tries to suggest a universal solution for all communities; as such, it fails to recognize that each proposed amalgamation is different. He hoped that the Commissioners' report would take account of the area's unique history and culture and of its economic and financial needs and strengths. The document should provide community leaders and local people with the information they need to make an intelligent decision about their future.

However the debate and discussion over amalgamation has already had a positive effect, he noted. The four towns have undertaken a thorough analysis of their past and present financial situation, and elected officials have given a great deal of thought to the future goals and objectives for the area.

Mr. Hogan was disappointed and angry, however, that the amalgamation proposal made no reference to the inclusion of the Argentia Industrial Park, which the proposed municipality would need to have to develop and expand its taxation base and to provide a new source of revenue to help the area develop its economic potential.

Mr. Hogan made a number of specific recommendations which he hoped the Commissioners would consider. These included

- ◆ extension of the proposed municipal boundary to include the Argentia Industrial Park and the land area between Dunville and the Long Harbour Road.
- ◆ financial support from the province to help equalize services, standards and infrastructure throughout the proposed municipality.
- ◆ increased capital works expenditures and/or financial assistance to alleviate existing debt loads.
- ◆ the creation of five wards in the proposed municipality.

There should also be a six-month transition period to allow the proposed municipality the time to set new policies including, for example, a new integrated municipal plan. He also felt that elected officials and local people should have an opportunity to study the outcome of the hearings and to make their views known before a final report is presented to the Minister.

Finally, Mr. Hogan noted that he reluctantly supported the view of people in Point Verde which at this point do not favour amalgamation with the other four towns. He said he respected their opinion, but would continue to work to convince them to change their minds.

5.1(ii) Joint Mayors Council of Greater Argentic Brief, Presented by Felix Collins, Chairman

Mr. Collins began by noting that the four towns in the area have been discussing the idea of amalgamation since 1979. Over the past few months they have taken a collective approach to the amalgamation proposal including the preparation of a detailed, well-researched analysis of the financial implications of joining together under one municipal administration. He noted that, first and foremost, amalgamation is a financial issue. In other words, the most important question is how the proposed municipality would compare financially with the status quo. This key question must be addressed fully before any further commitments can be made, he stressed.

Based on the findings of the study which the four towns undertook collectively, the Joint Mayors Council was unanimous in its decision to reject the current amalgamation proposal. This financial analysis shows that amalgamation would lead to a net revenue loss for the proposed town when compared to the costs of operating as four separate communities. To compensate for this potential loss, the proposed municipality would need to impose an overall tax increase simply to maintain the status quo, without any increase in municipal services. To be a viable proposition, amalgamation has to produce financial benefits and an overall improvement in the economic well-being of the area. But, at least in this area, amalgamation would involve additional extra costs such as those which would be associated with future study and assessment of the area's physical infrastructure needs and capital works investment requirements, or costs of preparing a new Town Plan.

Mr. Collins noted that many of the benefits of amalgamation indicated by the province would not occur. For example, amalgamation would not provide the proposed community

with an enlarged tax base, and it would also change the existing cost-sharing arrangements on capital debts between municipal and provincial governments. Given the lack of solid information from government, Mr. Collins noted that it is very difficult for the four towns to decide the pros and cons of amalgamation. There is a need, for example, for more information about what changes the province intends to make to the existing municipal grant structure. In short, he noted, the four towns are being asked to consider the costs and benefits of amalgamation when they have very little information on a number of fundamental concerns including:

- ◆ the structure and nature of provincial grants to municipalities.
- ◆ the means by which amalgamating communities would be assisted with the costs associated with amalgamation and during the transitional period.
- ◆ indications of future capital work's approval rates.
- ◆ guarantees that net revenue losses would not result.
- ◆ future municipal policy.
- ◆ the disposition of the Argentic Area Industrial Park - one means by which the new municipality might genuinely increase its tax base.

5.1(iii) The Town of Jerseyville - Town Manager Don O'Keefe

Mr. O'Keefe began by noting that the Town of Jerseyville agrees in principal with the proposal to amalgamate the four towns, but shares many of the same concerns raised in the brief of the Joint Mayor's Council.

Amalgamation has been long discussed by the Jerseyville Council and the town believes a centralization of local government functions is necessary to provide a comprehensive development scheme for future economic growth and expansion. However, Mr. O'Keefe

states that access to equality of services must be a priority of amalgamation. He noted that in the last 15 years Jerseyside has not received the level of capital works funding it needed to maintain an adequate quality of services. Under any amalgamation, the town would expect government to consider a higher rate of project approval and a higher debt share contribution to compensate the proposed municipality for any negative differential which might result through changes in provincial grant structure or in existing debt sharing arrangements.

The Jerseyside Council had a list of requirements which it felt must be met before amalgamation could occur. These included, among other items:

- ◆ a commitment from the province to equalize services between each town within five years of amalgamation.
- ◆ that there be no net increase in average taxation and no net increase in assessed property values.
- ◆ that, if amalgamation as now proposed does not occur, no town be annexed and placed under the administration of another council.
- ◆ that the electorate be given the final say on the amalgamation proposal.
- ◆ that council have the right to further evaluate its position on amalgamation after the report and recommendations of the Commissioners are submitted to the Minister.
- ◆ that a sum of \$100,000.00 be provided annually to the amalgamated town to help it prepare a development plan for the Argentinia Industrial Site.

5.1(iv) Point Verde Citizen's Committee - Mr. Wayne Browne

Mr. Browne noted that in recent years Point Verde residents have spent approximately \$250,000 to install wells in their community without any help from government. He said he

does not see any benefit from amalgamation for Point Verde; in fact, it will only be more costly for people in the community. Residents would see immediate taxes but would not receive any benefits, such as water and sewer, for many years.

He said it appears that the only reason for including Point Verde in the proposed amalgamation is geography, ie. its proximity to the Town of Placentia. Mr. Browne said that people in the area would prefer to become a local service district. He presented a petition supporting this alternative and noted that it was undertaken through a door to door campaign.

5.1(v) The Kinette Club of Dunville - Rosario Lee

Ms. Lee indicated that the Kinette Club supported the Town's position as presented. She asked a series of questions which included the following:

- ◆ Is government planning to contribute financially to the amalgamated town?
- ◆ Will government consider forgiving some of the debt of the more heavily burdened areas?
- ◆ Will the new town boundaries include the north side of Argentina?
- ◆ Will amalgamation be phased in over a period of years, or will total amalgamation occur on a specific date?
- ◆ Will each town keep its volunteer fire department or will one central station handle the whole area?
- ◆ What new services and programs would an amalgamated town be able to provide that the individual towns cannot?
- ◆ What changes will be made in the level of existing services that are now being provided by the towns?
- ◆ What are the consequences to the area of not amalgamating?

- ♦ Will there be a reduction in government grant funding?
- ♦ What form would the new town council take?
- ♦ Will there be a ward system or will there be an open election?
- ♦ What changes can be expected in the tax rates in structures with or without amalgamation?
- ♦ Will residents of the area be allowed to vote on the amalgamation issue?

Ms. Lee said that a plan should be developed which would answer some of the questions raised in the Kinette brief. This plan should then be presented to the residents of the area for a vote.

5.1(vi) Mr. William Hogan, M.H.A. (July 30th)

Mr. Hogan said that most of the statement he presented to the Commission at the March 1st hearing still stand but he wished to clarify some points. He stated that the amalgamation process has been incompetent for this area primarily because there has been little or no consultation with the residents. He said he was in favour of amalgamation if it can be proven that it will be financially beneficial to the residents, if this cannot be proven, his support will be quickly withdrawn.

Mr. Hogan outlined the geographic area he feels that should be included in the amalgamation. This included the Argentinia industrial site, the area now controlled by the United States Naval Facility and the land east of the Dunville boundary up to the Long Harbour Road. Mr. Hogan suggested that the Commission should not concern itself whether or not the area proposed for inclusion which is presently within the American Base is taxable or not. All the Commission should deal with is whether or not the addition of this area would

be a benefit to the proposed municipality.

Mr. Hogan said that the province must make a firm commitment on capital projects outlined in the five year plans of each municipality, and that the new municipality would not receive less in capital works allowances than if it were still four separate units. The improvements specifically required were as follows:

- ◆ water and sewer installation in Point Verde.
- ◆ street reconstruction in Freshwater.
- ◆ replacement of water and sewer, and street reconstruction, in Jerseyville.
- ◆ completion of water and sewer services in Southeast Placentia.
- ◆ a water treatment system for Placentia.
- ◆ street reconstruction in Dunville.
- ◆ ensure municipal services at the Argenta Industrial Park are brought up to standard.

5.1(vii) Joint Mayors Council of Greater Argenta - Mr. Felix Collins, Chairman (July 30th)

Mr. Collins indicated that in its previous brief, the Joint Mayors Council had stated that, if they amalgamated, the new town would get less funding. They therefore rejected the proposal. He indicated that the concerns outlined in the first brief still stand. Mr. Collins noted that to date there is no evidence that there will be any significant financial benefit, nor has any of the information requested by the Council been forthcoming.

Financial analysis and research by the Joint Mayors Council has shown that the amalgamation proposal is not a better financial alternative to the status quo; in fact, the opposite is true. The Joint Mayors Council does not reject the concept of amalgamation, just

the particular proposal presented by the Minister. With respect to the addition of the Argentia site, the four towns still find it extremely difficult to formulate an opinion on the merits of this amendment. The towns do not know whether the addition of the Argentia site would be a "windfall" or an "albatross" for the proposed municipality. Before the towns can decide, the following questions need to be answered:

- ◆ Will the proposal include the Northside within the municipal boundary?
- ◆ Will the new town have responsibility for the delivery and maintenance of services to the Northside?
- ◆ What will be the cost of upgrading the infrastructure of the Northside? Whose responsibility will this be?
- ◆ What will be the status of Newfoundland and Labrador Housing Corporation? The Canadian Coastguard? The U.S. Government?
- ◆ What is the status of these agencies with regard to municipal taxation?
- ◆ What are the property values at Argentia and what possible tax revenue could they yield?

If government wants the area to amalgamate, it must address the above concerns and questions. The proposed town would need additional resources (ie. grants), over and above any new tax revenues from Argentia, in order for amalgamation to be a financially viable proposition. Given all this, the collective position of the four towns towards amalgamation remains unchanged. Mr. Collins stated that the four towns should conduct regular municipal elections in November and that the new councils should continue to pursue the amalgamation proposal and give due consideration to the various concerns which have been raised.

5.1(viii) Residents Committee of Point Verde, Mr. Wayne Browne

Mr. Browne said that the inclusion of Argentia Industrial Area would mean the closure of more businesses and more unemployment. He indicated that there are only three businesses in the area which are taxable (and this may therefore mean that they will be put out of business if they have to pay all the tax burden.)

Mr. Browne reiterated his comment from March 1st that Point Verde residents have spent \$200,000 on artesian wells and that over 40% of the properties are serviced. Mr. Browne said that his group submitted a petition to the Department of Municipal and Provincial Affairs but to date have not received any answer to it. He expressed a concern that they would have no representation in any new Council and that they would have to pay over \$700,000.00 in taxes for no return in services.

Mr. Browne said that the petition submitted in his area indicated that people of Point Verde do not want amalgamation and that he hoped that the Commission conforms to the will of the people.

Mr. Browne urged that his community be allowed to form a local service district and they will prove that they can be self-sufficient.

5.1(ix) Town of Dunville - Mayor M. King

Mayor King said that his town supports the brief (July 30th) of the Joint Mayors Council, but he would like to clarify the town's position on a few important issues.

He indicated that his town requested further boundary changes in the area of Dunville and he would like the Commissioners to consider these recommendations.

He was also concerned about the Minister's commitment to uniform utility taxes and he asked when the Minister will come on the side of the municipalities rather than big business. Mr. King felt that the timing of this latest hearing was poor as many residents were on vacation and therefore could not be present.

5.2 Oral Briefs (March 1st)

5.2(i) Mike Kerrivan

Mr. Kerrivan works with the Placentia Area Development Association. He indicated that they have many concerns particularly about any centralization of fire services in Placentia. He noted that these departments respond to other emergencies as well as fires and that they are all needed. He indicated that he is opposed to the proposal amalgamation, particularly since it would probably mean higher taxes.

5.2(ii) Ian Walsh, Placentia

Mr. Walsh stated he believes this discussion on amalgamation is an exercise in futility and that the decision is out of their hands. Government has not done as much study and research on the issue as the four towns have. He said he was concerned that amalgamation could be a costly venture. For mainly financial reasons he was therefore against the proposed amalgamation.

5.2(iii) Mr. George Adams

Mr. Adams indicated that his views were the same as previous speakers.

5.2(iv) Mr. John McCarthy

He indicated that he is neither for nor against amalgamation because he simply did not have enough information. In the past other communities, considering amalgamation, had an opportunity to negotiate; but this area is being forced to amalgamate.

5.2(v) Mr. Pius Murphy, Freshwater

Mr. Murphy spoke at some length about the history and development of communities in the area. He noted the idea of amalgamation goes back as far as 1958. He felt that there is a need to bring Jersey side and Ferndale into Freshwater as the Freshwater High School is finding it difficult to get enough students and is in danger of losing its identity. He said he did not agree with amalgamation, particularly since the communities will lose their identity if they merge with Placentia.

5.2(vi) Mr. John Maher, Mayor of Freshwater

Mayor Maher said he supported Mayor Collins' presentation which was made on behalf of all four councils. Mr. Maher's greatest fear was that there will be an increase in taxes without any benefits. He said that taxes will have to increase in the overall by 15%; but, in his community, they would have to be raised an additional 50%, thus increasing by a total of 65%. He said Freshwater residents would get nothing in return for this increase. He felt

the towns would lose their town hall and their fire hall and that this would not be acceptable. The departmental proposal suggests there would be a number of benefits but he does not see these. The proposed town would need more staff and a new town hall. In looking at amalgamation, we therefore have to consider the facts.

5.2(vii) Mr. Nick Careen

Mr. Careen is an employee of the Placentia Area Development Association. He has been a proponent of amalgamation for some time, but said he does not favour the current proposal. Mr. Careen said many claim the American base cannot be taxed, but he said there is an opportunity to do so now by using the abandoned railway line running through the base as collateral to negotiate a deal with the Americans.

5.2(viii) Town of Dunville - Mayor Mike King

Mayor King commented on the improper way in which government has approached amalgamation. There has been no consultation with the towns and it has not given the information municipalities need to have, especially about government's new policies on municipal grant structure. He said that the Minister indicated that information would be available to each Council to enable them to make good decisions. Lacking this information, the four towns are not ready to move towards amalgamation.

5.2(ix) John McCarthy

Mr. McCarthy (spoke earlier) said he wanted to point out that he felt a number of people are not at the meeting tonight because they didn't feel there was anything to say, either

for or against amalgamation. They are ignorant of the issues involved in amalgamation.

5.2(x) Rosarie Lee (spoke earlier)

Ms. Lee said she wanted to point out that there was not enough time available to properly prepare briefs for the hearing.

5.2(xi) Don O'Keefe, Town Manager, Jerseyville Council (July 30th)

Mr. O'Keefe said the town still supports the idea of amalgamation but only on certain conditions. The new town would need transition, or equalization, grants to help it eliminate the disparity which exists amongst towns. Funds should be provided to help the area develop a long term investment plan (for the Argonia site) and also for the development of a new five year capital works plan. He also suggested that the old councils be left in office after a new council is selected to allow this new administration to obtain advice from outgoing councillors. This would help provide for continuity of decision-making.

Mr. O'Keefe said that, in the past, much has been said about the addition of Argonia. Jerseyville supports taking on the industrial area and believes it has good potential for development. But some factors need to be considered. For example, both levels of government (federal and provincial) must make some firm commitments. The airstrip needs to be re-constructed and efforts must be made to attract new kinds of industrial activities and enterprises to the site (not just more warehousing). Lobster farming appears to be a good idea for example.

Mr. O'Keefe went on to say that small towns cannot afford to do the economic

research needed to make Argentia a viable development area. If the province agrees to the inclusion of Argentia into the proposed town, there must be no turning back; in other words, government must recognize that it will take some time for the Argentia industrial site to become viable and thus must commit itself to assisting the proposed town make it so.

5.3 Oral Briefs (July 30th)

5.3(i) Mr. John McCarthy

Mr. McCarthy addressed his comments to the specific question of including the Argentia site into the new boundaries of the proposed town. He asked whether the Commissioners were familiar with the terms and conditions of the U.S.-Canada lease, and if so did they foresee any problems? Is it worthwhile even discussing this idea if there are unanswered questions or problems. He asked are we wasting our time here? These details need to be examined. He also asked whether any consideration had been given to including the south side of Argentia, if and when the Americans leave. This item also needs discussion especially since the local watershed area is located on land now controlled by the United States.

He ended by criticizing the mandate of the Commission. In his view the process was backwards. Local people need answers first and only then can they review and comment on any recommendations in the report.

5.3(ii) Nick Careen, Jersey side

Mr. Careen said he was very glad to see the proposal to include the northside of

Argentina. However this industrial area is not the place it was some years ago and may not be the area's "salvation." He re-iterated his view from the March hearing that when the rail line is turned back to the Province it should subsequently be passed over to the proposed municipality so it can use it as a bargaining tool to obtain benefits for the new town. He also suggested that government should put all of the debts for each town into one pot and pay this off with new tax revenues from Argentina. In this way, people will see the benefits of amalgamation. Mr. Careen also asked whether government would be providing transition grants.

5.3(iii) Mr. W. Hogan, M.H.A. (spoke earlier)

Mr. Hogan said that he wished to reiterate the statements made on page 7 of his March 1st brief. These concerned government's approach to amalgamation which Mr. Hogan felt was backwards, ie. the towns and local people should see the recommendations in the report before deciding on whether amalgamation was a good thing. The report should go back to local people for their review. Mr. Hogan stressed that he still had a problem with the process and wanted his views entered for the record.

5.4 Other Briefs

5.4(1) A.B.K. - Point Verde

This written brief suggested that Government go ahead with the amalgamation as proposed and stated that a number of residents disagreed with the statements made by the Citizen's Committee Representative, Wayne Browne.

5.4(ii) Dominic J. Rowe

This brief indicated that Point Verde should be amalgamated with Placentia for its own good. It took issue with statements made by other people on behalf of residents of Point Verde.

SECTION 6

6.0 - Feasibility Evaluation

6.0.1 - General

There has been considerable discussion with the towns included in this study area. Discussions began directly between the Department and the Towns over a year before the commencement of the formal feasibility study process. The joint Towns brief generally state that they are in favour of the principal of amalgamation, but indicate that there has not been enough study, dialogue, and information available to satisfy their requirements for amalgamation. Their briefs indicated a number of demands which the communities feel should be met before an amalgamation can occur. Amongst these requirements are:

- concerns about how the towns jointly would be affected financially;
- would they all be brought up to an equal standard of development;
- would taxation levels be held for a period of time or have to change; and
- what would happen to current assets and liabilities.

Also, the joint council group at the initial set of hearings were adamant that no amalgamation take place unless the industrial portion of Argentia was included. This was later included in the feasibility study authority, and during the second phase of the study, the

towns indicated they were not sure whether the inclusion of this area would be beneficial or not. The Mayors said also said that they needed to know what changes would occur in the Department's municipal grant structure before amalgamation decisions are taken; the means by which the towns would be assisted with the costs associated with the amalgamation and during the transitional period; indications of future capital works approval rates; guarantees that net revenue losses would not result; future municipal policy; and should be worked out; and the disposition of Argentinia Area Industrial Park.

The Town Manager of Jerseyville said his Town wished to:

- obtain a commitment from the province to equalize services within five years;
- that there be no net increase in average taxation and no increase in assessed property values;
- that if amalgamation as now proposed does occur, no town be annexed and placed under the administration of another council;
- that the people be given the final say on the amalgamation proposal, and that council have the right to further evaluate its position on amalgamation after the report and recommendations of the commissioners are submitted to the Minister. The sum of \$100,000.00 be provided annually to the amalgamated town to help it prepare a development plan for the Argentinia Industrial Site.

These demands are unreasonable in view of the fact that even without amalgamation the communities individually have no guarantee of future capital works funding, they will not

know what the results of the municipal grant structures changes until they are completed and announced to all municipalities in the province, they will have to continue to adjust their tax rates to meet their individual municipal needs, and Property Assessments must be undertaken in accordance with the Real Property Assessment Act which requires a reassessment to be done on a regular rotational basis every five years.

The Chairman of the Joint Mayors Council advised the co-commissioner Canning that "given the great uncertainty that lies ahead, few qualified or experienced candidates will offer themselves for election in a new amalgamation election....."

The existing towns have some 28 councillors which are drawn from a total population of less than 6,000 people. I believe an amalgamated town would have little difficulty in drawing 9 councillors from their population. Whether they have municipal experience or not would not be critical to the success of a new town as they would have the experience of the areas municipal administrators who have a great deal of experience and would provide very valuable support to a new council.

In any event, it is very likely also that some of the 28 serving councillors would seek and be elected to a new council and their experience would be available to a new council.

I have no doubt that these four communities can benefit considerably from amalgamating.

The unincorporated area of Point Verde through one of its spokespersons indicated that it was against amalgamation, but it wished to form a Local Service District. It would be unproductive to start a new municipality with a population of only 330 and start again another

separate municipal structure. Statistics regarding municipal structures indicate that communities with a population of less than 1000 - 1200 people, and with no special commercial or industrial enterprises, cannot generate sufficient revenue to operate as a viable municipality. Most of the services required by Point Verde could easily be handled by the adjacent municipality.

The demands of these municipalities as a condition of amalgamation are unrealistic and unachievable in view of the fact that some of the requests cannot be provided under existing Government policy and in one case cannot be accommodated under the existing law.

6.0.2 - Financial

The joint councils group have pointed out that if amalgamated, these communities would lose revenue based on the existing government grant formula.

The combined budgets of the four areas is approximately \$2,700,000.00. A financial impact analysis conducted by a consulting firm for the towns indicated that under existing Government formula, if amalgamated, the net revenue would be reduced by \$158,000.00 based on current trends for the year 1990.

It clearly would not be financially feasible or in the town's interest to amalgamate if they were to lose this amount of money merely by coming together. In order to offset this, it is recommended that the current level of grant funding be maintained, if amalgamation occurs, on the basis of the existing funding levels of the individual communities rather than be calculated on a combined basis until such time as Government changes the present grant funding formula. This would ensure no loss of revenue from Government grant funding to

the communities.

An assessment of including the Industrial Area of Argentinia, indicates that, in the short run, there would be no substantial financial loss or gain. However, this area would be the most promising industrial development area to service the needs of the four communities and there would be merit in including it in a new town to ensure that the new municipality could take advantage of the development potential which already exists in the area and continue to promote and develop it. This would eliminate the need to develop other costly industrial development areas within the existing towns and avoid incurring the cost of infrastructure that is associated with any new development.

In order to assist with this promotion, it is recommended that Government consider funding a Regional Development Officer for the towns if they amalgamate.

6.0.3 - Other Criteria

The following other criteria is specifically evaluated as provided for in the Municipalities Feasibility Reports Regulations, 1980 as amended:

i) Access of the people to elected and appointed officials.

Access to elected and appointed officials would be reduced somewhat in a larger unit, however, with modern telephone and vehicle communication available to a majority of residents, this reduction in access would not be substantial or overly burdensome on the majority of residents.

ii) Representation in accordance with the distribution of population.

The area at present is over represented as there are 28 councillors serving a total population of 6,162. This is a ratio of one councillor for every 220 persons. A council of nine people could effectively serve the area and provide adequate representation.

In order to provide adequate representation, a nine member council is recommended with a ward system. This will ensure that each of the existing municipalities has representation on the initial council to bring its special needs to the attention of the new council. The Council would be made up of four ward councillors, one from Jersey side, one from Freshwater, one from Dunville and one from Placentia/Point Verde. The other four councillors, plus a mayor, would be elected at large.

iii) Community identity.

Community identity has not been raised as a major issue at these hearings. There is no reason why each of the individual municipalities could not maintain their separate distinct geographic names, however, if amalgamated, the new town should be called Placentia. This would recognize the historic significance of Placentia and also the fact that it has a larger population than any of the other communities in the grouping.

iv) Suitability and the need of the area for municipal servicing.

The servicing needs of the entire area have been identified and the towns have five year plans based on priorities established for each area. It will be necessary for an

amalgamated town to combine these requirements into one integrated five year plan which would establish priorities on a need basis throughout the new municipality. Available funding would be prioritized to ensure that the most critical are addressed as funds are available.

v) Physical constraints to municipal servicing.

There are no obvious physical constraints to municipal servicing of the area. The Councils at present provide municipal services either by contracting out or by using their own resources. These service needs would be better coordinated through one council. It could easily meet the service needs of the areas residents.

vi) Administrative capability of the municipality.

There is considerable experience in municipal administration within the existing towns and with some realignment of duties, a new town would have a considerable amount of experience and talented staff available. This would be of tremendous benefit to the new council and would ease a transition from individual municipalities to one enlarged municipality.

vii) Coordination of municipal services and functions throughout the area concerned.

As noted previously, the delivery of municipal general services, if coordinated, could be delivered on a more efficient and effective basis. Communities should benefit from economies of scale by having either larger individual contracts or by utilizing their own staff to undertake a greater degree of the servicing needs.

- viii) **Cost efficiency of the type of administration proposed for the scale of services required.**

The individual towns presently have individual municipal structures which are common to the type of structure existing throughout the province. These structures provide for an efficient support system to council, and if combined, would continue to provide an efficient means for council to carry out its activities. The overall cost could be improved by redefining the job of some of the employees and enabling council to obtain better coverage for the same number of employees.

- ix) **Feasibility in terms of revenues and expenditures.**

As noted previously, the towns, if combined, would lose revenue due to the current Government grant funding structure, however, if the commissioner's recommendation in this regard is approved, there will be no reduction in funding to the municipalities and the combined revenue of the towns will be adequate to carry out the current level of services provided. In fact, the new town should be able to improve the level of services and reduce or eliminate the deficits based on the economies of scale which would be achieved through the pooling of these resources and by adopting a blended mill rate of taxes.

- x) **Equity in terms of both the taxpayers ability to pay and the benefits he receives.**

It would be desirable for a new council to bring the area on a common tax rate at the earliest opportunity to ensure that residents pay equally for the level of general services they receive. In addition, a new town should charge a water and sewer rate separate from the general taxes to ensure that equity is maintained from a point of view that persons receiving

water and sewer only would pay for these services and residents not receiving them would not have to pay the water and sewer rates.

By blending the mill rate of the communities and bringing all areas to the existing level of Placentia there would be an immediate increase in revenue in direct taxation and a further improvement on the tax incentive payment received from Government. This rate is not considered to be unduly high for residents of the area.

xi) Response of tax yields to changes in economic activity.

A new town would be able to adapt to reasonable changes in external economic influences which could affect its revenue position, however, like many other municipalities in Newfoundland, a severe downturn in the economy which would directly affect the ability of taxpayers to pay their taxes, could create a situation which would be beyond council's means to adjust. In such instances, it is normal for the municipality to seek assistance from the province, which would help it to make necessary adjustments to withstand these types of changes.

xii) Equity amongst adjoining municipalities considering their different needs and assets.

The level of servicing throughout this area is reasonably equal. The entire area has a need for additional service improvements. A new council should develop a plan which would ensure that the entire area is developed pursuant to the identified needs for the area on a priority basis. The prepared plan would ensure that the area is developed on a fair and equitable basis as funding is available and over time, it would ensure that there is reasonable equity of services throughout the area.

xiii) Simplicity of proposed municipal structure.

The combination of these four towns and the unincorporated area of Point Verde and Argentia Industrial Park, would make a viable integrated Town. The new town would be relatively geographically self contained having the majority of services within its area to support itself and having a combined tax base sufficient to enable it to provide an acceptable level of services to its residents.

xiv) Acceptability of proposals at local and regional levels.

The municipalities in the area have stated that they are not against amalgamation per se, but wish to proceed with caution with an assurance that their identified needs would be met and that an adequate transitional period would be allowed. The M.H.A. for the area indicated that he was in favour of the principal of amalgamation providing that it could be proved on paper that it would be viable and that it be brought to the people for a final decision. The majority of residents who appeared before the commission indicated that they were against amalgamation but most of them were against it because they either didn't like the process or felt they didn't have enough information on which to make an informed decision.

Notwithstanding the reservations expressed in the presentations relating to amalgamation, and the fact that the area is so closely linked geographically, I believe the area can benefit substantially by coming together. The immediate gains would be provided by way of eliminating duplication of services, combining planning needs to ensure that they do not continue to compete with each other for regional needs such as recreation, industrial development, residential land assemblies, et cetera.

There are nine full time employees and six or seven part time and seasonal employees presently serving the area. These could be better utilized for the entire area. There are four town halls, three fire departments, two libraries, two garage complexes, as well as other duplication. A single community could decide on a more effective use of all of these assets for the betterment of the residents of the entire area. Their efforts could be directed to the development of an integrated development plan for the new community and together, the area could better develop the industrial potential existing at Argentina, as well as the substantial tourism potential which exists for this area.

The benefits certainly outweigh the questions and doubts raised by councils and residents and to delay amalgamation of this area would only further set back and delay the development potential for the area.

SECTION 7

7.0 - Recommendations

1. That the towns of Placentia, Jersey side, Freshwater and Dunville, as well as the unincorporated areas of Argentia Industrial Park and Point Verde be amalgamated into a single town to be known as Placentia.
2. The new council be comprised of nine members, eight, plus a mayor. A ward system be instituted having one ward councillor from each of Placentia-Point Verde, Jersey side, Freshwater and Dunville with the other four councillors and mayor to be elected at large.
3. The boundaries of the new town include areas of Placentia, Dunville, Jersey side and Freshwater, as well as the industrial area of Argentia and the unincorporated area of Point Verde and be as redefined and show on the plan attached as Annex "A".
4. A new town plan be developed as soon as possible, showing an integrated town plan for the new municipality. This should be adopted by the new council as a blueprint for future development of the area. Also, the new town should develop a new integrated five year capital works plan which would prioritize the capital needs of the entire basis on a fair basis during the term of the five year plan.
5. Because of the industrial development and tourism potential for this area, a Development Officer be funded by Government and assigned to the new town to

promote and further develop these activities.

- 6. All assets and liabilities of the individual towns be assumed by the new municipality. In the case of the Argentia Industrial Park, Newfoundland and Labrador Housing Corporation should continue to be responsible for the water and sewer services running through the area for a period of three years. During that time, the council and the housing corporation would negotiate a take over agreement for these services.**
- 7. The new town should become effective January 1, 1991.**
- 8. The Department of Works, Services and Transportation continue to provide snowclearing and road maintenance to all of the roads it presently maintains in the area for a period of five years. This will allow time for the new council to prepare to assume this responsibility and to negotiate a suitable takeover arrangement from the province.**
- 9. There are three volunteer fire departments in the area. These should be combined into one department under a single chief, but there may be more than one station with a Deputy Chief in charge of each one. The Fire Chiefs meet with the Fire Chiefs to develop an integrated Fire Protection Plan for the area.**
- 10. The level of Statutory Government Grant Funding be held to its existing level as that which is paid to the Towns on a single basis after they amalgamate.**