



The Next Steps in the Regional Government Process

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The Next Steps in the Regional Government Process

A Municipalities Newfoundland and Labrador
Community Development Project



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A Message from the President

Dear Members of Council and Municipal Staff

The following document explains MNL's approach to the second phase of its Regional Government Initiative. It has taken three years for the Initiative to get to this point, with hundreds of hours devoted to the regional government issue on the part of MNL and its member municipalities.

The discussion that MNL restarted in 2010 is much needed for our municipal sector. There are many important issues that municipalities must address, but amongst the most important is how to provide the resources and tools that small and medium municipalities need to adapt to the changing demographic and economic condition of the province. From MNL's perspective, creating a more integrated municipal system is the most effective way to support municipal governments.

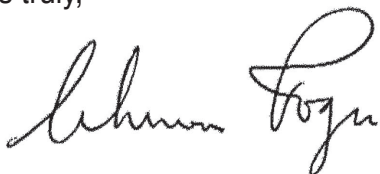
In the following pages you will read about MNL's intention to put forward a proposed system of regional government for the province. This is a strong and necessary step forward in the regional government debate. It is possible to forever debate the theoretical benefits and limitations of regional government, though such a debate would be continually vague without a specific model to consider. Since the early 1970s, the regional government debate has been defined by vagueness and it is MNL's intention to change that approach.

MNL's current regional government proposal will address some important questions, while leaving others yet to be resolved. The current plan sets out why some municipalities will and will not be included in the regional government, what services and responsibilities the regional government will perform, and how a regional government will relate to local service districts and unincorporated communities. Other issues, such as regional council representation and voting will not be addressed until we mold the regional government model to the geography of the province.

At the MNL board table, I've said that MNL's regional government plan is revolutionary and that it represents some of the best suggestions ever put forth to address the difficult issues surrounding regionalization and municipal capacity. Not everyone will agree with MNL's plan and that is okay. We need honest debate.

Please become engaged on this issue; we are considering the future of the municipal sector, where every member of council and staff play an incredibly important role.

Yours truly,

A handwritten signature in black ink, appearing to read "Churence Rogers". The signature is fluid and cursive, with a large initial "C" and "R".

Mayor Churence Rogers, President Municipalities Newfoundland and Labrador

Introduction

A regional government must have certain defined responsibilities. In doing so, the regional government will have a purpose and mandate to fulfill and will become an integral part of the re

Since 2010, Municipalities Newfoundland and Labrador has led a discussion and debate on the idea, purpose, and form of a system of regional government in the province. MNL has released regional government discussion papers, pamphlets, and workbooks, and has made regional government presentations at the MNL Symposium and Convention, as well as at events held by the Professional Municipal Administrators and the Newfoundland and Labrador Association of Fire Services. MNL has also conducted seven municipal consultations devoted exclusively to discussing and debating regional government.

The debate that MNL initiated in 2010 on regional government has received significant feedback. While there are municipal leaders who disagree with the idea, a sizable majority of those who provided input want the regional government debate to continue. The theoretical role and function of regional government has already been considered; it is time to establish how a regional government would work in the geographic, demographic, and economic environment of Newfoundland and Labrador.

MNL is moving the debate on regional government towards something more tangible. Over the next two years MNL will propose a specific system of regional government for the province and apply this system to the current municipal landscape. Municipal regionalization needs a better focus, something to work towards that will provide comprehensive assistance to municipalities on issues that need a regional solution. Regional government could be that solution, though we will not know in exactly what manner until the details are debated and discussed.

Municipal governments should be proud of the efforts they have made towards regionalization. The municipal sector is more regionalized and integrated than ever before. Still, these efforts are not sufficient to provide municipalities with the necessary tools to be resilient and sustainable. Municipalities need to be more integrated and more regionalized. The work that MNL is now undertaking will build upon the solid foundation of regionalization that municipalities have already established. The regional government model that MNL will put forth will represent the expected evolution of our municipal sector, emerging from the regional efforts both led by and imposed upon municipalities.

Guiding Principles

MNL's proposed regional government system will be guided by the following principles:

- A structure that is accountable and fully run by municipalities and communities;
- A structure that is empowered to perform certain services and responsibilities;
- A structure that supports municipalities and communities and enhances local capacity;
- A structure that provides local government to local service districts and unincorporated areas;
- A structure that is flexible and can account for the different needs of municipalities and communities;
- A structure that is not another layer of government, but instead a collaborative extension of local government that strengthens the local government system;
- A structure that is inclusive and based within a reasonable and useful boundary;

Lastly, MNL will be guided by the input of its members. MNL will not be proposing a regional government model that substantially differs from the opinions expressed by municipal leaders during MNL's regional government consultations.

Why MNL is Putting Forward a System of Regional Government for Newfoundland and Labrador

Regional government is being considered as a means of improving the current municipal system. That is the primary goal. This goal will be achieved by establishing a regional government system that is multi-purposed and practical.

MNL's regional government system for Newfoundland and Labrador will serve as:

1. A structure through which member municipalities and communities collaborate in the planning, delivery, and financing of specified services on a regional basis;
2. A structure through which member municipalities and communities plan the future development of their region in terms of land use (e.g. commercial and/or industrial sites), major infrastructure (buildings, roadways, water and wastewater systems, trails), and protection and use of resources (e.g. surface and ground water, major parks, and green spaces/greenbelts);
3. An enabler of service-sharing at the regional level and also between member municipalities and communities;

4. A forum through which member municipalities can address issues that cross municipal boundaries and are of regional significance;
5. A forum for advancing the interests of a region as a whole, thus positioning regions as potential contributors to the province's well-being and growth; and
6. A structure to serve as a form of representational local democracy to residents of local service districts and unincorporated communities.

The Responsibilities of a Regional Government

A regional government must have certain defined responsibilities. In doing so, the regional government will have a purpose and mandate to fulfill and will become an integral part of the region. The designated responsibilities listed below are only suggestions, and may be altered as the process advances.

- Land-use planning: A regional government will have planning capacity and may, if requested, establish land-use plans for individual municipalities and communities within a region.
- Regional planning: All regional governments will be required to establish a regional plan for their region. These plans will help foster collaboration between municipalities, put forth sustainable development practices, and assist in the organization of major infrastructure that affects the region.
- Economic development: The regional government will be the lead municipal entity devoted to economic development and will work with individual municipalities and the entire region.
- Solid Waste Management: Regional service boards would likely still exist, however, the municipal representatives on these boards would be selected by the regional government and would report back to the regional government.
- Engineering: The regional government will possess engineering resources to assist both the region and participating municipalities with the planning, development, and implementation of municipal and regional infrastructure.
- Regional water maintenance and quality: All regional governments will be responsible for the testing of water and maintenance of the water supply within a region.
- Regional wastewater: All regional governments will be responsible for the monitoring and maintenance of all waste water systems within a region.

- **Fire and Emergency Services:** All regional governments will be responsible for the coordination and management of fire and emergency services within a region. This may consist of the hiring of a regional fire chief and other staff to assist with training, staffing, and equipping local fire stations.
- **Regional Emergency Management Planning:** All municipalities have now created emergency plans and, in some cases, regional plans have been developed. All regional governments will be responsible for creating, implementing, monitoring, and updating regional emergency management plans. Emergencies are rarely local, and even when they are, they often require support from multiple municipalities. Regional emergency plans will recognize this reality.
- **Regional Sport, Recreational, and Cultural Infrastructure Planning, Maintenance and Cost-Sharing:** All regional governments will be responsible for the planning, maintenance, and cost sharing of major sport, recreational, and cultural infrastructure within their region. This infrastructure usually has a regional purpose and should be managed in a regional manner.
- **Representative local government for local service districts and unincorporated areas:** All regional governments will serve as a form of municipal government to all local service districts and unincorporated areas. The regional government will perform all duties and responsibilities of a municipality.
- **Other Services:** All regional governments will be able to provide other services as agreed to by the member municipalities and communities on either a regional or sub-regional basis. All current municipal responsibilities will be eligible to be performed by the regional government by request from the participating municipalities.

Limited Regional Taxation

Further to the results of the regional government consultations, the regional government model proposed by MNL will not include a system of regional taxation on the residents of municipalities. Rather, the regional government will function through a system where each municipality is billed for the costs of the regional government and the specific services that are used. The manner in which each municipality will be charged is not yet decided and multiple options will be considered. Municipalities that use the regional government to perform other services will establish additional payment options.

The regional government will directly tax the residents of local service districts and unincorporated areas for the cost of administering and servicing these areas and for providing local government.

Organizing the Boundaries of the Regional Government

Delineating the regional boundaries for the regional government will be difficult work. There is no way to create boundaries that will be universally supported; MNL understands that some municipal leaders will be upset with the results. MNL is cognizant of concerns that the drawing of boundaries will be interpreted as a step towards amalgamation. That is not MNL's intention. MNL is focused on creating regions that function and that represent a community of interest, not on amalgamating large numbers of municipalities. Regional boundaries should support strong regions that will benefit the municipalities and residents within a region.

The drawing of boundaries for a regional government also confronts the issue of urban municipalities. As a group, urban municipalities have been the most vocal against regional government or the most ambivalent towards the idea. As several urban municipalities noted in their submissions during the consultations, regional government has little to offer to them. Many urban municipalities already enjoy several benefits that a regional government could offer. It would be contrary to the purpose of regional government to compel large urban municipalities to participate when there is no need to do so.

The position of most urban municipalities, however, is exceptional and does not negate the need for regional government for most municipalities in the province. There are large capacity gaps between urban municipalities and small and medium municipalities. One of the purposes of regional government is to narrow that gap.

The boundaries of a region cannot be based solely on geography; the provincial government's amalgamation policy has been driven by geography for years to uncertain success. A region must be drawn in a manner that will allow the participating municipalities and communities to work together, while providing them with access to the human and fiscal resources needed for sustainability. As a result, MNL has developed two criteria (based on New Brunswick's Finn Report) to guide the boundary creating process.

All regions within the regional government system that MNL will put forward must meet the following criteria:

- A minimum property tax assessment base of at least \$300 million; and
- A minimum population of 5,000.

Any municipality that can meet or come close to meeting both of these criteria will be excluded from the regional government unless there is an expressed interest to be included.

A threshold property assessment amount of \$300 million may appear too large and risk creating regions that are much too big. However, with the recent increases in property

values in the province, a \$300 million base is practical. For example, the Town of Glenwood, which has a population of approximately 770 and a limited commercial tax base, now has a total assessment of more than \$32 million, a \$5 million increase from 2012. Glenwood's experience is close to the norm for municipalities; organizing municipalities into groups with a \$300 million property tax assessment base should not result in exceptionally large regions.

The purpose behind requiring that a region have at least 5,000 residents is to create resilient regions. Having five thousand residents will allow regions to be sustained for a reasonable period of time regardless of outmigration and natural attrition. This criterion will likely have the biggest impact on the geographic size of the region. While the size of a region is a concern, particularly in winter, the regions will not be as large as the current waste management regions and every effort will be made to create regions whereby all involved in a regional government could travel to a meeting in less than an hour.

MNL does not plan to confine the size of its regions to 5,000 residents or a \$300 million property tax assessment base. This standard is the minimum for a region, not a maximum. Where it makes sense, a region can be any size above both set requirements.

The minimum property assessment base per region was not put forward as an attempt to set up regional government taxation. Regional government taxation is not popular and will not be considered for the model being proposed by MNL unless the position of the MNL membership changes.

Still, the regional government will need revenue, regardless of how it is raised. A regional government, like a municipal government, will provide certain services, as well as being a forum to debate issues of regional concern. The greater the tax base of a regional government, the better it will be able to provide regional services. Many urban municipalities, for example, have large tax bases allowing them to provide more services than those provided by small municipalities; a regional government hopes to replicate the financial strength of many urban municipalities.

The \$300 million tax base criterion will be large enough so as to not drastically burden the taxpayers in a region. With this tax base, a one-cent increase on the tax rate would raise an additional \$30,000 in revenue. A large tax pool should make it easier for a regional government to work with local governments to raise revenue.

Municipal leaders will have to accept that regional government will result in some extra costs to participating municipalities. These costs will cover the new and improved services set out in the previous pages; municipalities will not be paying twice for the same service. MNL appreciates that any increase in property taxes is difficult for a municipality, particularly given the demographic make-up of rural Newfoundland and Labrador. That is why MNL has pushed aggressively for a new fiscal framework. Nonetheless, small municipalities need more support and that has a cost. MNL will not promote the establishment of another

weak regional entity, which would be a burden to participating municipalities. To put forth a fiscally weak model would be replicating the mistakes made in the past.

Not Another Level of Government

It is commonly asserted that municipalities do not want another level of government. Regional government is not another level of government because it will be composed of individuals that currently sit on already-existing councils. In this manner, a regional government will be no different than a regional economic development board or joint council, neither of which is considered another level of government despite municipal representation and specific responsibilities.

In fact, a regional government will be similar to a joint council, which represents the seed from which all municipal regionalization should grow. Many joint councils struggle because they do not operate under any legislative framework and have no resources to use. Regional government will solve these limitations. Municipalities do not view joint councils as another level of government, and, in its most general form, the regional government proposed by MNL will be a joint council with more authority and capacity.

A Necessary Move Away From Regional Service Boards

The manner in which regional service boards exist under current legislation allows for them, in a fashion, to become a form of regional government. While almost exclusively used for solid waste management purposes, the Regional Service Boards Act does allow a regional service board to provide many of the services listed in the previous pages of this document. In this respect, a regional service board is just one step away from being a regional government and the chair of at least one regional service board has openly advocated for more responsibilities.

The authority and use of regional service boards should be limited to waste management. There are several reasons for this position. First, the municipal experience with regional service boards has been largely difficult and often negative with only one board coming into existence without facing any significant hurdles. The process of creating regional service boards has been ongoing for eight years and functioning boards have still not been established in many areas of the province. The brief history of regional service boards cannot be ignored and should inform any consideration of following this approach again in the future.

Regional service boards represent an odd amalgam of provincial and municipal authority, with the municipal position clearly inferior. Regional service boards, though mostly composed of municipal officials, look to the provincial government for significant policy guidance and presently exist largely to carry out a provincial solid waste management plan. The concerns of municipalities are secondary to plan implementation.

Regional service boards are also exclusive in their decision-making. Not all municipalities are represented on the boards, as often only one representative is nominated for a group of municipalities. On at least one board, several representatives from one municipality are present. This limited representation model lays bare a general untruth about regionalization – a councillor representing several municipalities on a board does not usually report back to all of those municipalities that he or she represents. This occurs for several reasons – lack of time, too much work, lack of relationship with other councils, forgetfulness – and causes frustration and concern amongst those not represented. This form of limited representation does not foster regionalization and is largely in place to ensure that the position of larger municipalities is heard. A similar approach was followed with the now-dissolved regional economic development boards.

The exclusivity of regional service boards also extends to the requirement that the provincial government select the chairs of the boards. The chairperson does not have to be an elected municipal official and unelected individuals have and do serve as chairs of regional service boards. While the chairperson is not granted any special authority, he or she is still the leader of the board. There is no reason why the selection of the chair position to the board should occur in this manner. MNL asked that this appointment power be changed and the provincial government refused, citing the predominance of municipal officials on the remaining board seats. Nonetheless, the only purpose the provincial government can have in maintaining the authority to select the chair is to retain some control, connection, and input to the regional service board. Unlike the remaining board members, who are accountable to the board, their municipality, and the electorate, the provincially appointed chairperson is accountable to the board and the provincial government.

The exclusivity of representation on regional service boards is due primarily to the immense geographic areas that they cover. The Eastern Regional Service Board services more than sixty municipalities, while the Central Regional Service Board covers at least eighty municipalities and scores of additional local service districts and unincorporated communities. The recently established Western Regional Service Board includes over forty municipalities and local service districts, and Labrador waste management, though not yet established, will cover an area larger than Newfoundland. Even on the Burin Peninsula, which is relatively small, a regional service board will cover approximately forty municipalities and local service districts. With extremely large regions, there is inherent communication and coordination difficulties that the municipal sector was not designed to address.

The regional service board model should also be contained in order to avoid the pick and choose approach to regionalization. According to the Regional Service Boards Act, a regional service board “may” conduct certain regional services if approved by the Minister and permitted in regulation. In this respect, a regional service board, or the provincial government through policy, can pick and choose which services it wants to regionalize while ignoring other aspects of municipal government that need or would benefit from regionalization. Regionalization should be advanced on a broad, coordinated manner and not on a service-by-service basis.

Finally, regional service boards have established themselves as being separate from municipalities – an odd arm of the province infringing on the municipal realm. The Regional Service Boards Act contains little on how municipalities relate to the boards. It is made clear that board members are selected from municipalities but states little else with respect to the municipal sector. Regional service boards do not serve municipalities, have few reporting requirements to the municipal sector, and exist regardless of whether municipalities want them to exist. The regional service board does not have to consult with municipalities in the preparation of its budget and is only required to provide copies of its budget to municipalities once the budget has been adopted. Board members, all of whom except for the chair have to be local officials, are not reimbursed by some added section to the Municipal Councillor Remuneration regulation, but by the guidelines of the Public Service Secretariat. It is in this light that regional service boards present as exhibitors at MNL events, highlighting the reality of their not being “with” municipalities but rather a separate organization municipalities must deal with. Regional service boards are not municipal regionalization; they are another form of provincial government centralization.

The regional government proposed by MNL intends to overcome these shortcomings. Enabling legislation will state that a regional body “shall” undertake certain responsibilities. In this manner, the regional body will have to proceed on specific matters because that will be its mandate. As well, there will be no ministerial power of appointment to the regional government. Representatives on the regional government will represent their municipalities and communities. The province will not have a seat, either directly or indirectly, at the table.

Regional Government and Amalgamation

Regional government is not amalgamation. Regional government is not requiring the dissolution of municipal councils. In fact, the need for regional government arises from the general failure of amalgamation as a policy for municipal reform.

Amalgamation promotes benefits that are largely confined to the pages of feasibility studies. In reality, most amalgamated municipalities are faced with the same limitations that

existed pre-amalgamation, with a larger tax base absorbed by greater infrastructure and service requirements. The main benefits provided by amalgamation are the government incentives, usually in the form debt forgiveness and infrastructure funding, both of which are benefits not related to the actual act of amalgamating.

There have been some amalgamations that have worked. The Conception Bay South amalgamation and the St. John's-Kilbride-Goulds-Wedgewood Park amalgamation both seem to work, though these benefited from the joining or creating of large municipal units. These are exceptions.

It is also important to be clear that regional government or regionalization is different from amalgamation. In fact, they are opposites. The amalgamation of Conception Bay South is not regional government or regionalization, both of which do not apply to an area managed by a single government unit.

Why Undertake this Project

The “right” time to consider regional government is when the municipal sector still has the opportunity to debate and consider the idea and put forth its own proposal. That is this moment. The municipal sector is not yet at the point where major regionalization and restructuring needs to be pushed through quickly. In putting forth this study MNL is being proactive, not reactive.

Municipal regionalization and restructuring is important and inevitable. Significant regionalization, integration, and restructuring will have to occur in the municipal sector over the coming decades; demographic shifts, local revenues, new standards, and new expectations require such change to occur. The municipal sector also needs to move away from a survival perspective, which is tied to the mere continued existence of the community. Instead, the sector should adapt a sustainability perspective, which encompasses much more, such as potential local growth, service improvements, and the prospects for a brighter future. Such sustainability will not be achieved without regionalization and restructuring.

As well, creating a model for regional government is also responding to the suggestions of a significant majority of municipal leaders who provided input during the regional government consultations. Municipal leaders are engaged and interested in this issue, yet many municipalities are not strong or organized enough to lead the regional government debate. The province's municipalities need MNL's guidance and support on this issue.

It is not easy for MNL to take this next step in the regional government process. When MNL started this process in 2009, there was no intention of creating a regional government

model for members to consider. But the Regional Government Initiative has gone much better than expected and interest remains high. Still, MNL is the primary proponent of this issue and it must push the issue forward. The provincial government is standing to the side on regional government and the issue will not move forward if MNL waits for provincial action.

Please remain aware that MNL is considering regional government as a means of helping the municipal system. MNL has no intention of putting forth a regional government system that would weaken or undermine currently existing municipalities. A regional government should be interpreted as a tool to strengthen local government, particularly those that currently have little capacity and that can rarely avail of the sustainability tools available to larger municipalities.

Timelines

MNL's report on the creation of a regional government system in Newfoundland and Labrador will be released by the spring of 2015. At this time it will be debated and opportunity will be given to propose changes.

The proposed regional government system will then be voted on by the membership at the first MNL Convention to occur after the plan's release.



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