

West River Group
c/o Rural Municipality of Afton
1552 Route 19
New Dominion, PE
COA 1H6

October 25, 2019

Hon. Jamie Fox
Minister, Fisheries and Communities
P.O. Box 2000
Charlottetown, PE
C1A 7N8

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Minister Fox:

I am writing on behalf of the West River Group and the Rural Municipalities of Afton, Bonshaw, Meadow Bank, New Haven/Riverdale and West River. With the proposed proclamation of the New Municipal Government Act in late 2017, the five rural municipalities met to have discussions about how to best meet the requirements of the new act. Following these discussions, public meetings were held with our residents on the best path to follow going forward. The municipalities selected 2 councillors from each of the rural municipalities to form a committee, the West River Group to bring forward recommendations to the municipalities.

The West River Group developed the scope of a municipal growth study to examine options for the five municipalities. This study was awarded to the firm Stantec Inc. and began in the spring of 2018. During this study, public meetings were held with the residents of the five municipalities and at these meetings; information on the costs and benefits/disadvantages of remaining independent municipalities or restructuring into one larger municipality were presented. Following these meetings and with the recommendations from the municipal study, each municipality held separate meetings on September 11, 2018 to poll the residents on the path forward for their municipalities. The attached proposal for restructuring is the result of these deliberations.

The five Councils of the Rural Municipalities of Afton, Bonshaw, Meadow Bank, New Haven/Riverdale and West River have passed resolutions to submit an application to the Island Regulatory and Appeals Commission to restructure the communities under the Rural Municipality of West River. The West River Group is submitting this proposal to the Minister and asks that he review the documents and consider whether this proposal is in the five municipalities' best interest.

The attached package includes the completed Proposal for Restructuring and a copy of the West River Group Growth Management Study. The five Councils involved in the study

and the West River Group are in favour of the restructuring proposal attached and believe it will build a stronger, more sustainable municipality on the West River.

The West River Group understands that the restructuring will likely take place prior to the municipal elections planned for 2022. The five municipalities and the West River Group endorse the following model for governance preceding the municipal elections in 2022: That each municipality forward the names of two elected members of their council for consideration as members of a new interim ten-person council. This interim council of ten councilors and a mayor would make up the initial council of the restructured municipality. The West River Group recommends that the initial council include a number of members of the West River Group, a proposal endorsed by each of the five communities – Afton, Bonshaw, Meadow Bank, New Haven/Riverdale and West River. Two of our mayors, either Helen Smith-MacPhail (Meadow Bank) or Brian Hogan (Afton) have agreed to assume the role of mayor for the interim until elections in 2022.

Throughout the process of examining how each of the five communities can best meet the obligations of the Municipal Government Act, the West River Group has had the benefit of the expertise provided by the staff of the Municipal Affairs division of Fisheries and Communities. We appreciate and recognize the work done by Pooja Kumar, Samantha Murphy, Danny Jenkins and Danielle Gillan while our communities worked through the restructuring process.

Please feel free to contact me with any questions regarding the West River Group's application by phone – 902 394-4006 or email – eliz.sears@gmail.com.

Sincerely,



Elizabeth Wilson
Chair, West River Group

Encl. (2)

- Proposal for Restructuring
- West River Municipal Growth Management Study

Rural Municipality of West River

Proposal for Restructuring October 25, 2019

Name of Proposed Municipality: Rural Municipality of West River	
Applicant: West River Group	Date of proposal: October 25, 2019

For more information, please contact:
Councils of Afton, Bonshaw, Meadow Bank, New Haven/Riverdale, West River
Contact information available on individual municipal websites

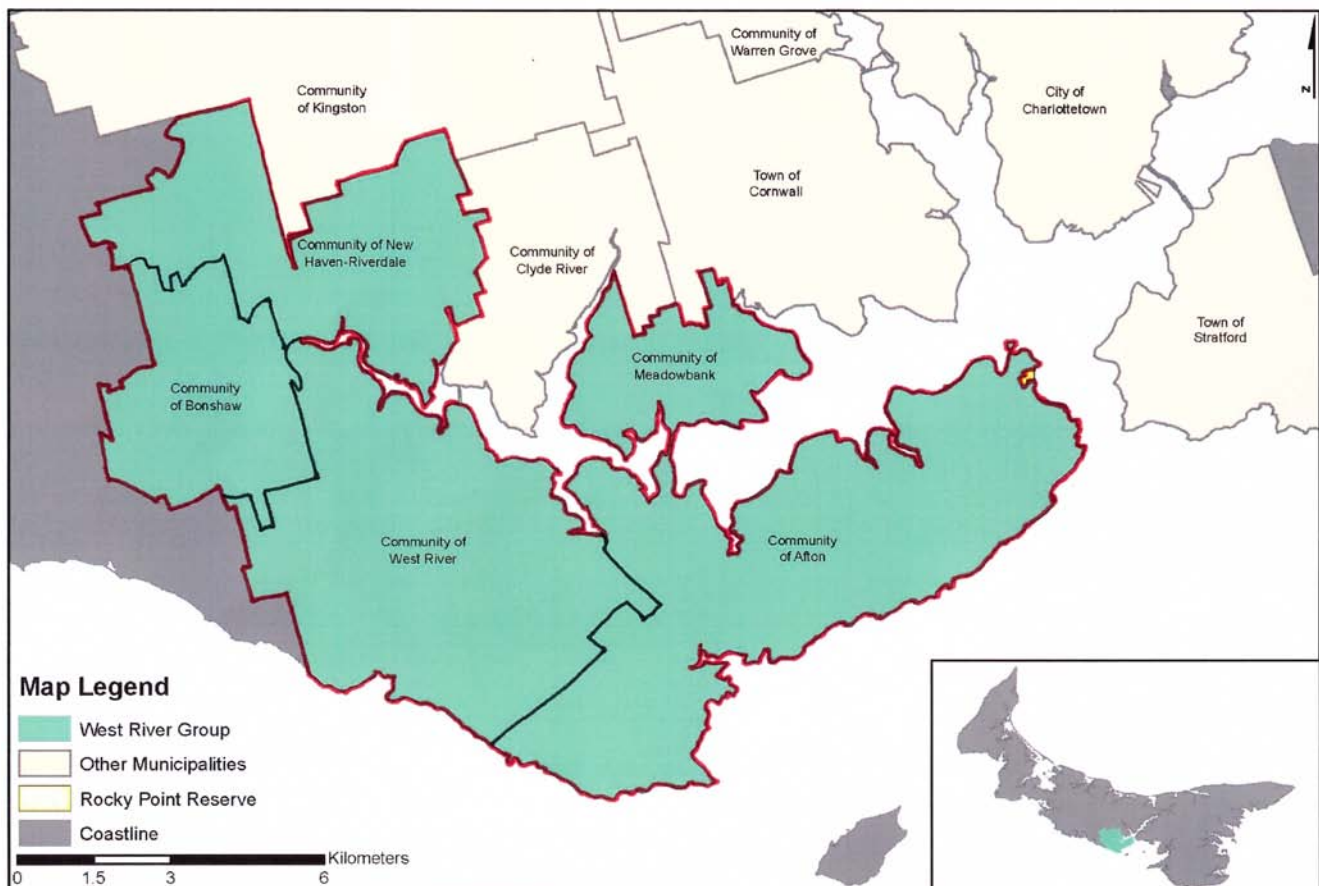
**PROPOSAL FOR RESTRUCTURING
PURSUANT TO SECTION 15(2) AND 15(3) OF THE MUNICIPAL GOVERNMENT ACT**

BACKGROUND

Following the implementation of the current Municipal Government Act (MGA) and the requirements of compliance with the new Act, the five communities (Afton, Bonshaw, Meadow Bank, New Haven/Riverdale and West River) formed the West River Group to evaluate the new requirements and recommend a potential framework for moving forward. A Municipal Growth Management Study was completed in August, 2018 that provided information to the individual communities on both the costs, viability, advantages and disadvantages of the individual communities potentially maintaining their individual municipal structures or restructuring into one municipal entity. Information was collected and presented to the residents of the five communities in separate meetings held on September 11, 2018 and following these meetings; the residents in each rural municipality were polled on the direction going forward. The consensus of the residents involved was to move forward toward amalgamation of the five rural municipalities into one entity – the Rural Municipality of West River.

To guide the West River Group in its collaboration toward amalgamation, the Group adopted the following vision statement: *The West River Group; a Community of Communities; connected by our shared values and our mutual desire to protect/respect our rural quality of life; working together through consensus.*

Map of Existing Municipal Boundaries and the Proposed Boundary



RESOLUTIONS – TO APPROVE SUBMISSION OF AN APPLICATION FOR RESTRUCTURING

1. Rural Municipality of Afton

Special Council Meeting

September 18, 2019

Council reviewed the municipal restructuring document prepared by the West River Group:

MOTION: It was duly moved and seconded to submit an application to amalgamate Rural Municipality of Afton with Rural Municipalities of Bonshaw, Meadowbank, New Haven – Riverdale, and West River.

Moved by Elizabeth Wilson
Seconded by Mark O'Rourke

Vote: 4-0 - CARRIED

2. Rural Municipality of Bonshaw

Council Meeting

October 2, 2019

Resolution 2019-48

It was moved by Sabrina Loughran and seconded by Peter Ashley
Whereas the Rural Municipality of Bonshaw has held discussions regarding restructuring with the Rural Municipalities of Afton, Meadow Bank, New Haven/Riverdale and West River to consider amalgamating together under the name of the Rural Municipality of West River, And whereas Council has engaged residents in dialogue and discussion regarding this proposed restructuring;

Be it resolved that pursuant with Section 15 (2) of the Municipal Government Act, the Rural Municipality of Bonshaw submit a proposal to restructure to the Minister of Fisheries and Communities to amalgamate with the Rural Municipalities of Afton, Meadow Bank, New Haven/Riverdale and West River.

**4 votes in favour, 2 votes against
Motion Carried.**

3. Rural Municipality of Meadow Bank

Council Meeting

September 8, 2019

Whereas the Rural Municipality of Meadow Bank has held discussions regarding restructuring with the Rural Municipalities of Afton, Bonshaw, New Haven-Riverdale and West River to consider amalgamating together under the name of the Rural Municipality of West River.

And whereas Council has engaged residents in dialogue and discussion regarding this proposed restructuring;

Be it resolved that pursuant to Section 15 (2) of the Municipal Government Act, the Rural Municipality of Meadow Bank submit a proposal to restructure to the Minister of Fisheries

and Communities to amalgamate with the Rural Municipalities of Afton, Bonshaw, New Haven-Riverdale and West River.

Moved by Councillor Greg Groves
Seconded by Councillor Keith Larter
Motion Carried Unanimously.

4. Rural Municipality of New Haven/Riverdale
Council Meeting
September 20, 2019

Mover: Stephen Gould
Seconder: Wilian Van Der Leeuw

That the Rural Municipality of New Haven-Riverdale agrees to amalgamate with the four other municipalities of the 'West River Group', specifically the Rural Municipalities of Bonshaw, West River, Afton and Meadow Bank.
The conditions are outlined in the 'Proposal to Establish a New Municipality' filled out for the five municipalities listed above.

Motion Approved.

5. Rural Municipality of West River
Special Meeting
September 17, 2019
RESOLUTION #3

(MOVER) Councillor, Matt Thomson presented a motion to "accept the Draft Proposal of the West River Restructuring Application".

(SECONDER) Councillor Lincoln MacKenzie.

The motion was voted on and approved by a majority of Council.

OPERATING BUDGET – RESTRUCTURED MUNICIPALITY

AMALGAMATED RURAL MUNICIPALITY OF WEST RIVER						
BUDGETED EXPENSES OF THE GENERAL OPERATING FUND						
For the Fiscal Year Ending	5 Communities	Year Ending	Year Ending	Year Ending	Year Ending	Year Ending
	31/03/2020	31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025
2019/2020 Tax Assessment --- \$295,682,950.00						
	BUDGET	BUDGET	FORECAST	FORECAST	FORECAST	FORECAST
OPERATING REVENUE						
Assessable Municipal Property Taxes *	404,854.00	473,093.00	473,093.00	473,093.00	473,093.00	473,093.00
Tax Grant						
Equalization Grant --- Provincial Government	19,259.00					
Gas tax fund allocations for operations						
Municipal Capital Expenditure Grant						
Planning Credit	3,867.00	32,525.00	32,525.00	32,525.00	32,525.00	32,525.00
Development Permits		15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Bylaw Enforcement		15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Services provided to other governments						
Sales of services/Rental Income	688.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Other revenue from own sources --- Surplus	44,387.00	18,343.00	13,903.00	11,463.00	9,023.00	6,583.00
Black Fly Program --- New Haven/Riverdale \$0.03 **		10,550.00	12,000.00	12,000.00	12,000.00	12,000.00
Other unconditional transfers from other governments for operations	5,250.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00
GST (Other conditional transfers from other governments or agencies for operations)	2,500.00					
Fire Department revenues						
TOTAL OPERATING REVENUE	\$480,805.00	\$570,011.00	\$567,021.00	\$564,581.00	\$562,141.00	\$559,701.00
OPERATING EXPENSES						
General Administration						
Advertising	1,200.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Bank Charges & Interest	705.00	500.00	500.00	500.00	500.00	500.00
Elections	1,750.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Legal Fees/Bylaw Enforcement	3,000.00	10,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Insurance	18,275.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Accounting Services	16,950.00	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00
Office & Supplies***	12,091.00	12,000.00	8,000.00	8,000.00	8,000.00	8,000.00
Mayor & Council Honorarium	7,410.00	6,700.00	6,700.00	6,700.00	6,700.00	6,700.00
CAO Compensation	22,500.00	70,000.00	72,000.00	72,000.00	72,000.00	72,000.00
Planning		65,000.00	70,000.00	70,000.00	70,000.00	70,000.00
Bylaw Enforcement		15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Reserve for 5 yr. Official Plan review****		15,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Emergency Measures		2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
Reserve for capital asset replacement		10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Volunteer Appreciation	1,500.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Donations	4,000.00					
West River Group	10,000.00					
Professional Fees, Training, Travel	6,350.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
TOTAL --- General Administration	105,731.00	233,700.00	231,700.00	231,700.00	231,700.00	231,700.00
Transportation services						
Fire protection services	232,361.00	221,762.00	221,762.00	221,762.00	221,762.00	221,762.00
Other Municipal Services						
Mapping	500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
Black Fly Program **	11,500.00	10,550.00	12,000.00	12,000.00	12,000.00	12,000.00
TOTAL --- Other Municipal Services	12,000.00	13,050.00	14,500.00	14,500.00	14,500.00	14,500.00
Police protection services						
Recreation and parks						
Grants to Organizations	17,096.00	21,096.00	21,096.00	21,096.00	21,096.00	21,096.00
Community Events	7,500.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
TOTAL --- Recreation & Parks	24,596.00	27,096.00	27,096.00	27,096.00	27,096.00	27,096.00
Depreciation/amortization						
Facilities and public property						
Operating Grants --- Facilities	25,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00
Property Renovations/Upgrades	31,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Property Maintenance	21,275.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00
Staff Compensation	10,500.00	10,500.00	10,500.00	10,500.00	10,500.00	10,500.00
TOTAL --- Facilities and public property	87,775.00	60,500.00	60,500.00	60,500.00	60,500.00	60,500.00
TOTAL OPERATING EXPENSES	\$462,462.33	\$556,108.00	\$555,558.00	\$555,558.00	\$555,558.00	\$555,558.00
NET OPERATING SURPLUS (DEFICIT)	\$18,342.78	\$13,803.00	\$11,463.00	\$9,023.00	\$6,583.00	\$4,143.00
* Tax Rate --- \$0.16						
** Applies to residential property boundaries of New Haven/Riverdale						
*** Provincial support for office upgrades						
**** Amalgamated Community requires support for official plan						

OPERATING BUDGETS – AFTON, BONSHAW, MEADOW BANK, NEW HAVEN/RIVERDALE, WEST RIVER FOR 2019/2020

INDIVIDUAL RURAL COMMUNITIES PRE-AMALGAMATION						
	AFTON	BONSHAW	MEADOW BANK	NEW HAVEN/RIVERDALE	WEST RIVER	FIVE COMMUNITIES
	Year Ending	Year Ending	Year Ending	Year Ending	Year Ending	Year Ending
For the Fiscal Year Ending	31/03/2020	31/03/2020	31/03/2020	31/03/2020	31/03/2020	31/03/2020
	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
OPERATING REVENUE						
Assessable Municipal Property Taxes	174,822.00	19,557.00	36,578.00	70,313.00	103,584.00	404,854.00
Tax Grant				3,867.00		3,867.00
Equalization Grant --- Provincial Government		5,678.00		13,581.00		19,259.00
Gas tax fund allocations for operations						
Municipal Capital Expenditure Grant						
Services provided to other governments						
Sales of services/Rental Income		688.00				688.00
Other revenue from own sources --- 2019 Surplus	33,229.00		9,858.20	1,300.00		44,387.20
Other unconditional transfers from other governments for operations					5,250.00	5,250.00
GST (Other conditional transfers from other governments or agencies for operations)				2,500.00		2,500.00
TOTAL OPERATING REVENUE	208,051.00	25,923.00	46,436.20	91,561.00	108,834.00	480,805.20
OPERATING EXPENSES						
General Administration						
Advertising	500.00			700.00		1,200.00
Bank Charges & Interest	100.00	180.00		225.00	200.00	705.00
Elections	1,000.00				750.00	1,750.00
Legal Fees/Bylaw Enforcement	2,000.00			1,000.00		3,000.00
Insurance	8,500.00	2,175.00	2,100.00	1,500.00	4,000.00	18,275.00
Accounting Services	3,000.00	2,000.00	2,450.00	5,000.00	4,500.00	16,950.00
Office & Supplies	1,000.00	200.00	390.90	7,800.00	2,700.00	12,090.90
Mayor & Council Remuneration			2,250.00	5,160.00		7,410.00
CAO Compensation	4,500.00	2,450.00	1,500.00	9,050.00	5,000.00	22,500.00
Volunteer Appreciation	1,500.00					1,500.00
Donations	250.00		700.00		3,050.00	4,000.00
West River Group	5,000.00	1,000.00	500.00	1,500.00	2,000.00	10,000.00
Miscellaneous --- Prof. Fees, Training, Travel	1,500.00			4,850.00		6,350.00
TOTAL --- General Administration	28,850.00	8,005.00	9,890.90	36,785.00	22,200.00	105,730.90
Transportation services						
Fire protection services	110,000.00	9,167.00	27,433.43	26,000.00	59,760.00	232,360.43
Other Municipal Services						
Mapping				500.00		500.00
Black Fly Program				11,500.00		11,500.00
TOTAL --- Other Municipal Services				12,000.00		12,000.00
Police protection services						
Recreation and parks						
Grants to Organizations	7,084.00	2,500.00	2,442.00	2,000.00	4,020.00	18,046.00
Community Events	5,000.00			1,000.00	1,500.00	7,500.00
TOTAL --- Recreation & Parks	12,084.00	2,500.00	2,442.00	3,000.00	5,520.00	25,546.00
Depreciation/amortization						
Facilities and public property						
Operating Grants --- Facilities	25,000.00					25,000.00
Property Renovations/Upgrades	29,000.00				2,000.00	31,000.00
Property Maintenance	2,500.00	4,375.00		7,000.00	7,400.00	21,275.00
Staff Compensation					10,500.00	10,500.00
TOTAL --- Facilities and public property	56,500.00	4,375.00		7,000.00	19,900.00	87,775.00
TOTAL OPERATING EXPENSES	\$207,184.00	\$24,047.00	\$39,066.33	\$84,785.00	107,380.00	\$462,462.33
NET OPERATING SURPLUS (DEFICIT)	\$867.00	\$1,876.00	\$7,369.78	\$6,776.00	\$1,454.00	\$18,342.78

FIVE-YEAR CAPITAL PLAN

AMALGAMATED RURAL MUNICIPALITY OF WEST RIVER

YEAR	ASSET	SOURCE OF FUNDS	PROJECT	PROPOSED BUDGET
1 - 2019/20	Afton Community Centre, Bonshaw Community Centre, R.J. Mutter Park, Lloyd Inman Memorial Park	Notional Gas Tax & Reserve Funds	Renovations, Expansions, Upgrades	152,000
2 - 2020/21	Afton Community Centre, Bonshaw Community Centre, R.J. Mutter Park, Lloyd Inman Memorial Park	Notional Gas Tax & Reserve Funds	Renovations, Expansion, Upgrades	360,411
3 - 2021/22	Bonshaw Community Centre, Lloyd Inman Memorial Park	Reserve Funds	Renovations, Expansion, Upgrades	62,000
4 - 2022/23	Bonshaw Community Centre, Lloyd Inman Memorial Park	Reserve Funds	Renovations, Expansion, Upgrades	20,288
5 - 2023/24	Bonshaw Community Centre, Lloyd Inman Memorial Park	Reserve Funds	Renovations, Expansion, Upgrades	59,000

AFTON

YEAR	ASSET	SOURCE OF FUNDS	PROJECT	PROPOSED BUDGET
1 - 2019/20	Afton Community Centre	Notional Gas Tax	Expansion/Upgrades	20,000
2 - 2020/21	Afton Community Centre	Notional Gas Tax & Reserve Funds	Expansion, Upgrades	266,411
3 - 2021/22			No Projects	0
4 - 2022/23			No Projects	0
5 - 2023/24			No Projects	0

BONSHAW

YEAR	ASSET	SOURCE OF FUNDS	PROJECT	PROPOSED BUDGET
1 - 2019/20	Bonshaw Community Centre	Notional Gas Tax & Reserve Funds	Renovations	20,000
2 - 2020/21	Bonshaw Community Centre	Notional Gas Tax & Reserve Funds	Renovations	19,000
3 - 2021/22	Bonshaw Community Centre	Reserve Funds	Furniture	2,000
4 - 2022/23	Bonshaw Community Centre	Reserve Funds	Renovations	13,000
5 - 2023/24	Bonshaw Community Centre	Reserve Funds	Renovations	4,000

MEADOW BANK

YEAR	ASSET	SOURCE OF FUNDS	PROJECT	PROPOSED BUDGET
1 - 2019/20			No Projects	0
2 - 2020/21			No Projects	0
3 - 2021/22			No Projects	0
4 - 2022/23			No Projects	0
5 - 2023/24			No Projects	0

NEW HAVEN/RIVERDALE

YEAR	ASSET	SOURCE OF FUNDS	PROJECT	PROPOSED BUDGET
1 - 2019/20	R.J. Mutter Park	Notional Gas Tax & Reserve Funds	Sport Field Upgrade	100,000
2 - 2020/21	R.J. Mutter Park	Notional Gas Tax & Reserve Funds	Sport Field Upgrade	65,000
3 - 2021/22			No Projects	0
4 - 2022/23			No Projects	0
5 - 2023/24			No Projects	0

WEST RIVER

YEAR	ASSET	SOURCE OF FUNDS	PROJECT	PROPOSED BUDGET
1 - 2019/20	Lloyd Inman Memorial Park	Notional Gas Tax & Reserve Funds	Upgrades	12,000
2 - 2020/21	Lloyd Inman Memorial Park	Notional Gas Tax & Reserve Funds	Upgrades	10,000
3 - 2021/22	Lloyd Inman Memorial Park	Reserve Funds	Upgrades	60,000
4 - 2022/23	Lloyd Inman Memorial Park	Reserve Funds	Upgrades	7,288
5 - 2023/24	Lloyd Inman Memorial Park	Reserve Funds	Upgrades	55,000

MUNICIPAL ASSETS

The new Chief Administrative Officer of the restructured municipality will take responsibility for the operation and management of the office and oversee the management of the following municipal buildings and assets:

1. Property, 1552 Rte. 19, New Dominion – part of the Afton Community Centre property – approximately 5 acres undeveloped land behind the Afton Community Centre, 5 acres; property #382895-000;
2. 5997 Rte. 19, Rice Point - guaranteeing access to the Northumberland Strait – property #203109-000, 13 acres;
3. Signage – 3 Meadow Bank entrances with flower beds;
4. Property, 2443 West River Road, Route 9, Township 31, New Haven/Riverdale - R.J. Mutter Park - Athletic fields, walking trails, playground, park – property #227306, 37.8 acres;
5. Lloyd Inman Memorial Park, 208 Park Road, Canoe Cove – property #512244, 5.5 acres

While owned and funded through the new Rural Municipality the following assets will be managed and operated by two separate, individual incorporated Boards of Directors:

1. Afton Community Centre, 1552 Rte. 19, New Dominion – the building and property extending to the outside edge of the parking lots but not including war memorial and flower beds – property #382895-000, – Board of the Afton Community Centre Recreation Committee Inc.
2. Bonshaw Community Centre, 25 Green Road, Bonshaw – property #402917, ½ acre – Board of the proposed incorporated Bonshaw Community Centre Recreation Committee Inc.

MUNICIPAL DEBT

Afton, Bonshaw, Meadow Bank, New Haven-Riverdale and West River have no debt to transfer to a new amalgamated municipality.

MUNICIPAL RESERVE FUNDS

Afton – Reserve funds and Notional Gas Tax Funds – approx. \$286,411 will be dedicated to upgrades and expansion to the Afton Community Centre, as listed in Capital Expenditures forecast.

Bonshaw – All reserve funds moved to 5 Year Capital Expenditures forecast.

Meadow Bank – In a motion of Council, a reserve fund of \$5,000 will be set aside for the future maintenance of the flower beds surrounding the signs identifying the community (neighbourhood) of Meadow Bank.

New Haven/Riverdale – Reserve funds and Notional Gas Tax Funds – approx. \$165,000 will be dedicated to upgrades to the R.J. Mutter Park, as listed in Capital Expenditures forecast.

West River – The Reserve Fund - approx. \$20,000 (as of end of March 2019), will be dedicated to repairs at Lloyd Inman Park, as listed in Capital Expenditures forecast.

LEGISLATIVE REQUIREMENTS

This Proposal is to restructure five rural municipalities, Afton, Bonshaw, Meadow Bank, New Haven/Riverdale, and West River into the new Rural Municipality of West River.

The Rural Municipalities of Afton, Bonshaw, Meadow Bank, New Haven/Riverdale and West River are largely rural and still agriculturally based municipalities. Following the completion of a Municipal Growth Management Study, the five communities propose to restructure and continue as one Rural Municipality to better serve our residents and the area the new municipality will encompass.

Municipalities adjoining the five rural municipalities include Clyde River, Kingston and Cornwall. Unincorporated areas contiguous to the five rural municipalities include Argyle Shore, Green Road, Green Bay, Appin Road, DeSable, Rocky Point First Nation and Elmwood. None of these unincorporated areas, except for the Rocky Point First Nation, are serviced by the North River Fire Department. Clyde River (serviced by the North River Fire Department) was invited to join the amalgamation process and was initially part of the West River Group. Clyde River left the group in 2017. On September 25, 2019, the West River Group held information meetings with the Rural Municipalities of Clyde River and Kingston. The purpose of this meeting was to share information on the West River Group Proposal and the benefits of West River Group restructuring proposal. The Rural Municipality of Kingston has since declined the invitation to participate in the restructuring process.

The West River Group was only interested in exploring interest from residents of the contiguous non-incorporated areas included in the communities' fire district serviced by the North River Fire Department. No unincorporated areas were found to be contiguous to the five communities that were serviced by the North River Fire Department. Residents from South Melville and Clyde River attended public meetings held during the West River Group Municipal Growth Study but these residents did not express interest in being involved in the amalgamation process. It is the intention of the members of the five West River Group rural communities that this proposal for amalgamation will not affect the surrounding areas.

All five municipalities in the West River Group are rural and largely agricultural communities that share access to the West River and its watershed. The largest municipality in terms of population is Afton with 1,291 residents and the smallest, Bonshaw with 187 people. Together, the amalgamated group of municipalities will have a population of 3,154. The tax base for the five communities is reasonably evenly distributed among the five communities. The five Municipalities have a strong tax base. Their 2018 total assessment is nearly 50% more than the \$200-million threshold expected of towns.

All the communities own community infrastructure assets. Community assets are complementary: two community centres, 3 municipal parks, sports fields and recreations lands. All five communities are debt-free.

Other than planning services and the black fly program in New Haven, services are very similar. All five of the communities contract fire services with the North River Fire Department. Only New Haven-Riverdale has an official plan and zoning bylaw.

Four of the five communities belong to the District 17 New Haven – Rocky Point provincial electoral district. Meadow Bank is part of District 16 Cornwall – Meadow Bank electoral district. The Bluefield Family of Schools serves the five communities.

Estimated population	3154
Estimated total property assessment value of the proposed municipality	\$295,682,950.00
Class of the proposed municipality (city, town, rural municipality (see MGA, section 11))	Rural Municipality

As per the new Municipal Government Act, proclaimed in December 2017, the new Rural Municipality of West River will provide three mandatory services:

- Fire Services;
- Municipal land use planning services, including official plans and bylaws;
- Emergency Measures planning;

As well, the new municipality will do the following:

- Maintain and operate existing infrastructure either directly or through incorporated Boards. This infrastructure includes the Afton Community Centre and surrounding property, Bonshaw Community Centre, R.J. Mutter Park, Lloyd Inman Memorial Park and the Rice Point Wharf property.
- Designate a fully accessible and secure (by 2022) municipal office that will be open a minimum of 20 hours per week;
- Hold all-day elections that began in November 2018 and appoint a Municipal Elections Officer to oversee the elections;
- Appoint a Chief Administrative Officer (CAO);

- Follow the financial practices prescribed in the Municipal Government Act including a Financial Plan and appointing an auditor to conduct an annual audit that meets public sector accounting standards.

EXISTING AND PROPOSED CAPITAL ASSETS

Existing Capital Assets include:

1. Afton Community Centre, 1552 Rte. 19, New Dominion – property #382895-000, 7 acres
2. Property, 5997 Rte. 19, Rice Point - guaranteeing access to the Northumberland Strait – property #203109-000, 13 acres
3. Bonshaw Community Centre, 25 Green Road, Bonshaw – property #402917, ½ acre;
4. Signage – 3 Meadow Bank entrances with flower beds;
5. Property, 2443 West River Road, Route 9, Township 31, New Haven/Riverdale - R.J. Mutter Park - Athletic fields, walking trails, playground, park – property #227306, 37.8 acres;
6. Lloyd Inman Memorial Park, 2018 Park Road, Canoe Cove – property #512244, 5.5 acres

RESTRUCTURING PRINCIPLES

All of the five communities (Afton, Bonshaw, Meadow Bank, New Haven/Riverdale, West River) are on the north and south of the banks of the lower West River. All five of the communities reside in Queens County. The communities are rural in aspect with farming and fishing as the main local occupations within the communities. A number of the residents work in nearby urban centres.

Municipality	Incorp.	Population		Change		Area (km ²)	Pop. /km ²
		2011	2016	No.	%		
Afton	1974	1,222	1,291	69	5.6%	39.8	32.44
West River	1974	741	801	60	8.1%	34.8	23.02
Bonshaw	1977	218	187	-31	-14.2%	14.0	13.36
Meadow Bank	1974	338	355	17	5.0%	9.3	38.21
New Haven-Riverdale	1974	485	520	35	7.2%	21.7	23.96
TOTAL		3,004	3,154	150	5.0%	119.6	26.37

The five communities (known going forward as the West River Group WRG) made the decision in 2017 to collaborate in the assessment of the implications of the requirements of the new Municipal Government Act (MGA) and present the options to the community residents. MRSB Consulting Services compiled the following Municipal Profiles of the member communities of the WRG in 2018:

Description	Afton	Bonshaw	Meadow Bank	New Haven-Riverdale	West River	Total
Assessment Base	\$139,137,900	\$11,878,100	\$34,949,300	\$34,686,400	\$76,414,000	\$297,065,700
Assessment per Capita	\$107,775	\$14,829	\$186,895	\$97,708	\$146,950	\$94,187
# of Properties	1,404	163	298	360	840	3,065

Municipal Tax Rate	\$0.12/\$100	\$0.16/\$100	\$0.10/\$100	\$0.20/\$100	\$0.13/\$100	\$0.13/\$100*
Assets	<ul style="list-style-type: none"> Community Centre (operating agreement) 7 acres behind the Community Centre 13 acres associated with former Rice Point Wharf site 	<ul style="list-style-type: none"> Community Centre including 0.5 acres Maintain a small inactive private cemetery 	Signage	<ul style="list-style-type: none"> R.J. Mutter Park, walking trails and sports fields (37.8 acres) Office equipment 	<ul style="list-style-type: none"> Lloyd Inman Memorial Park (land, buildings, equipment) Computer equipment 	
Debt	None	None	None	None	None	
Administration	<ul style="list-style-type: none"> CAO less than 20 hrs./week No office hours Meetings at Community Centre 	<ul style="list-style-type: none"> CAO less than 20 hrs./week No office hours or space Meetings at Community Centre 	<ul style="list-style-type: none"> CAO less than 20 hrs./week No office hours or space Meetings at APM Centre 	<ul style="list-style-type: none"> CAO less than 20 hrs./week No office hours Office and meeting space rented from Kingston Legion 	<ul style="list-style-type: none"> CAO less than 20 hrs./week No office hours or space Meeting space rented from W.I. 	
Fire Protection	Yes	Yes	Yes	Yes	Yes	
Land Use Planning	No	No	No	Yes	No	
Emergency Planning	No	No	No	Yes	No	
Black Fly	No	No	No	Yes	No	
* Weighted average of current municipal tax rates						

Compliance with the new MGA requires municipalities to deliver municipal planning and emergency planning services. It also requires each municipality to maintain a municipal office that must be open 20 hours per week with associated administrative services provided. While municipalities may collaborate to deliver any services to their residents, they are not permitted to share office space.

Staffing and maintaining independent offices combined with other administrative requirements will add significantly to the costs of municipal operation and tax revenue required from residents. In public meetings held in each of the five communities in 2018, residents of the five communities directed the five councils to examine the costs, viability, advantages and disadvantages of each community maintaining their individual municipal structures versus the costs, viability, advantages and disadvantages of restructuring into one municipal entity. This analysis concluded that amalgamation would increase the area's ability to provide services to its residents, ensure the communities could comply with provincial legislation while maintaining its current infrastructure and keeping municipal taxes at a level that is acceptable to its residents.

FINANCIAL VIABILITY:

The MGA sets the framework for municipal government in Prince Edward Island and Island municipalities must comply with its requirements. The new MGA has sweeping financial and planning consequences for the five rural communities that form the WRG. Cost comparisons for remaining individual rural municipalities were carried out or amalgamating as a new rural municipality was carried out and three alternatives were considered: service agreements, a regional agency and amalgamation. Residents were provided with the financial viability, benefits and disadvantages of each model at public meetings held in 2018.

Description	Separate	Shared Services	Regional Agency	Amalgamated
Current Expenditures	\$395,800	\$395,800	\$395,800	\$395,800
Estimated Additional Expenditures				
Municipal Office/Audit/Insurance	\$194,900	\$199,000	\$209,900	\$35,200
Council Remuneration	\$7,100	\$7,100	\$7,100	\$6,700
Elections	\$3,300	\$3,300	\$3,300	\$1,100
Planning/Bylaw Enforcement/Legal	\$169,000	\$99,000	\$99,000	\$99,000
Reserve for 5-year Official Plan Review	\$20,000	\$20,000	\$20,000	\$5,000
Emergency Measures	\$5,000	\$2,500	\$2,500	\$2,500
Reserve for Capital Asset Replacement	\$10,000	\$10,000	\$10,000	\$10,000
Total Additional Expenditures	\$409,300	\$340,900	\$351,800	\$155,000
Total Estimated Expenditures	\$805,100	\$736,700	\$747,600	\$550,800
Savings from Separate	-	\$68,400	\$57,500	\$254,300
% Savings from Separate	-	9.3%	7.7%	46.0%

For residents, the need for additional expenditures will be felt in terms of increased tax rates and higher tax bills. Tax rates are set at the level required to cover expenditures less non-tax revenues (e.g., permits and fees, sale of services, rental, revenue sharing from the Province) Non-tax revenues expected for the five municipalities are shown below. MRSB anticipates revenues will remain the same for an amalgamated municipality.

Description	Afton	Bonshaw	Meadow Bank	New Haven Riverdale	West River	Amalgamated
Total Estimated Revenues – Excluding Property Tax	\$25,700	\$10,600	\$6,300	\$9,700	\$18,700	\$71,000
Less Total Estimated Expenditures	\$268,200	\$77,100	\$126,400	\$135,200	\$198,000	\$536,700
Shortfall	(\$242,500)	(\$66,500)	(\$120,100)	(\$125,500)	(\$179,300)	(\$465,700)
Total Assessment Base	\$139,137,900	\$11,878,100	\$34,949,300	\$34,686,400	\$76,414,000	\$297,065,700
Tax Rate Required	\$0.17	\$0.56	\$0.34	\$0.36	\$0.24	\$0.16

ECONOMIC CONTEXT:

The Rural Municipality of West River; a Community of Communities; is connected by our shared values and our mutual desire to protect and respect our rural quality of life by working together through consensus.

The new amalgamated rural municipality remains rural in nature with significant farming and fishing activity. Retail services are also on offer in the new municipality, as well as tourism accommodation and activity such as the three golf courses – Strathgartney Golf Course, Glen Afton Golf Course and Countryview Golf Course.

All residents will have access to the recreational facilities – Bonshaw Community Centre and Afton Community Centre which each offer resident recreational programming. The Strathgartney Provincial Park will be within the borders of the new amalgamated municipality.

Other commercial services within the proposed boundaries of the Rural Municipality of West River include, but are not limited to the Matos Vineyard and Winery, Coast Line Boarding Kennel, Montessori School (Pre K and K), Country Kids Dare-Care, Canoe Cove Honey, Honeydew Apiaries and the following construction services – Island Coastal Services Ltd., Crosby Construction, PRS Drywall and Renovations, West Masonry Ltd., Dinomac Masonry Ltd. and Builderup Construction.

Commercial taxes will be levied, however, as it is not our intention to use commercial tax rates to leverage additional income, it is projected that the commercial tax rate will be set at the same rate of \$.16 as the proposed residential rate.

IMPACT ON REGION:

The WRG is unaware of any municipal boundary expansion initiatives that are currently approved, underway or under consideration by any municipalities bordering the amalgamated Rural Municipality of West River

Once again, the WRG is unaware of any existing, approved or planned municipal infrastructure or facilities for provision of services to the residents of the amalgamated Rural Municipality of West River.

Compliance with MGA, clause 14(b) & (c)

Currently, only New Haven/Riverdale provides municipal planning services that include an official plan and bylaws. Once amalgamation occurs, Afton, Bonshaw, Meadow Bank and West River would be included in a review of the New Haven/Riverdale official plan. A Planner who would document current land uses, development and subdivision permits issued by the province would review the new municipality. This review will take place in 2019/2020 with the updated official plan and bylaws to be in force by 2022.

The West River Group (WRG) will be seeking a funding arrangement with the province to assist with this review that will include all of the five communities that will be under the umbrella of the Rural Municipality of West River.

The North River Fire Department provides fire services for the five communities and the cost of this service is .075 cents per hundred dollars of assessment.

Emergency planning services are currently in place in New Haven/Riverdale but not in the other four rural municipalities. Proposed future budgeting will allow the new Rural Municipality of West River to have this service in place for all residents by the end of 2020.

Compliance with MGA, section 85

The administration office of the newly amalgamated municipality will be located at 1552 Route 19, New Dominion in the lower level of the Afton Community Centre. This is an accessible location that will operate for a minimum of twenty (20) hours per week. The new Chief Administrative Officer of the restructured municipality will take responsibility for the operation and management of the office and oversee the management of the following municipal buildings and assets:

1. Property, 1552 Rte. 19, New Dominion – part of the Afton Community Centre property – approximately 5 acres undeveloped land behind the Afton Community Centre, property #382895-000, 5 acres;
2. Property, 5997 Rte. 19, Rice Point - guaranteeing access to the Northumberland Strait – property #203109-000, 13 acres
3. Signage – 3 Meadow Bank entrances with flower beds;
4. Property, 2443 West River Road, Route 9, Township 31, New Haven/Riverdale - R.J. Mutter Park - Athletic fields, walking trails, playground, park – property #227306, 37.8 acres;
5. Lloyd Inman Memorial Park, 2018 Park Road, Canoe Cove – property #512244, 5.5 acres

While owned and funded through the new Rural Municipality, the following assets will be managed and operated by separate, individual incorporated Boards of Directors:

1. Afton Community Centre, 1552 Rte. 19, New Dominion – the building and property extending to the outside edge of the parking lots but not including war memorial and flower beds – property #382895-000, 2 acres – Board of the Afton Community Centre Recreation Committee Inc.
2. Bonshaw Community Centre, 25 Green Road, Bonshaw – property #402917, ½ acre – Board of the proposed incorporated Bonshaw Community Centre Recreation Committee Inc.

MUNICIPAL TRANSITION PLAN

Once restructuring is approved the five Municipalities assets would come under the umbrella of the new Rural Municipality of West River. The ownership of the assets would be transferred and all current payables and receivables would move to the restructured Municipality. The accounting systems would move to one accounting system that would include all five areas.

ELECTORAL MODEL

Each of the councils will by motion put forward the names of two elected members of their council for consideration as members of a new interim ten-person council. This interim council of ten councilors and a mayor would make up the initial council of the restructured municipality. The West River Group recommends that the initial council include a number of members of the West River Group, a proposal endorsed by each of the five communities – Afton, Bonshaw, Meadow Bank, New Haven/Riverdale and West River. The West River Group also recommends the appointment of one of the five mayors as mayor of the newly amalgamated municipality.

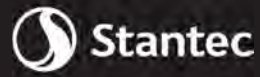
Either Helen Smith-MacPhail (Mayor - Meadow Bank, Vice Chair – West River Group) or Brian Hogan (Mayor - Afton) agrees to assume this role for the interim until elections in 2022.

Having 2 representatives from each municipality on the interim council is the logical interim measure. The interim council may wish to reconsider as to whether or not a ward system for 2022 elections would provide the most effective democratic governance model for the future. A committee of the newly restructured Municipality will develop a bylaw to determine that system with boundaries in place prior to the next municipal elections in 2022.

ADDITIONAL INFORMATION

The goal of the West River Group, who is making application for the restructuring of the five communities of Afton, Bonshaw, Meadow Bank, New Haven/Riverdale and West River, is to assure both continuity and an easy transition for the individual communities to a new and vibrant municipality. The West River Group believes that by following the preceding plans outlined in this application, we can reassure the residents of our individual communities that this restructured municipality will reflect our shared values and continue our desire to protect and respect our rural quality of life while continuing to work together to achieve consensus in our decision making.

Signature:	
<u>Elizabeth Wilson</u>	_____
Name (Print)	Name (Sign)
<u>Chair, West River Group</u>	<u>October 25, 2019</u>
Title	Date



102-40 Highfield Park Drive, Dartmouth, NS B3A 0A3

West River Municipal Growth Management Study

Options and Recommendation Report

The West River Group

August 31, 2018





West River Municipal Growth Management Study

Options and Recommendation
Report

August 31, 2018

Prepared for:
The West River Group

Prepared by:
Stantec Consulting Ltd.
with MRSB Consulting Services

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West River Municipal Growth Management Study:

Executive Summary

The West River Group engaged Stantec Consulting Ltd. and its partner for this assignment, MRSB Consulting Services, to undertake a Municipal Growth Management Study in May 2018. The West River Group consists of the Rural Municipalities of Afton, Bonshaw, Meadow Bank, New Haven-Riverdale, and West River, which flank the banks of the West River west of the Town of Cornwall in Queens County, PEI. The five communities have come together to consider potential approaches to their future governance in the context of the Province's new *Municipal Government Act (MGA)*.

The RFP to which Stantec and MRSB responded posed four critical areas of concern about which the Group sought information. Information gathered to address each area is summarized as follows:

1. *The costs, viability, advantages, and disadvantages of each community maintaining their current individual municipal structures.*

The new MGA does not compel the West River municipalities to alter their individual municipal structures. If they can comply with the requirements of the new Act, they can maintain their boundaries and municipal identities.

Compliance with the new MGA requires municipalities to deliver municipal planning and emergency measures planning services. It also requires that each municipality maintain a municipal office that must be open 20 hours per week with associated administrative services provided. While municipalities may collaborate to deliver any service to their residents, they are not permitted to share office space.

Staffing and maintaining independent offices combined with other administrative requirements associated with municipal independence will add significantly to the costs of municipal operation and tax revenue required from residents. Financial analysis conducted by MRSB for this study determined that increases would be particularly large for the smallest municipalities in the West River Group (i.e., Bonshaw, Meadow Bank, and New Haven-Riverdale).

2. *The costs, viability, advantages, and disadvantages of restructuring into one municipal entity.*

Amalgamation will require each municipality to surrender its current municipal identity. It will reduce the ability of municipal politicians to respond to the needs of the areas now defined as separate municipalities and, consequently, the options available to citizens located within the West River area as well potential new residents considering locating within the area.

An amalgamated municipality consisting of all five West River municipalities, on the other hand, will be the fifth largest municipal entity in PEI. It will have a strong voice with which to communicate its expectations to the Province of PEI. As a single entity, also, the amalgamated communities of the West River area will be structured to address land use and emergency planning needs collaboratively. The enlarged municipality, furthermore, will only be required to maintain and staff one municipal office, conduct one municipal election, and maintain one set of financial records.

Although the requirements of the new MGA will add to the overall costs of municipal operation, whether the municipalities remain separate or unite through amalgamation, MRSB's analysis found that amalgamation will significantly mitigate the effects. While MRSB expects tax rates to rise from current levels for residents in three of the five municipalities, the increases are moderate and no residents will pay higher taxes than they would as separate municipalities meeting the requirements of the new MGA.

3. *For informational purposes, the advantages and disadvantages of any individual West River Group community joining a larger municipality within the same fire district.*

The Town of Cornwall is the only larger municipality within the North River Fire District that the West River municipalities could join. Cornwall, however, differs significantly from all five West River municipalities. Cornwall is more densely populated and relies on urban water and wastewater services that are not needed in any of the West River municipalities. Given a wider range of more elaborate local services, expenditures and tax rates are much higher in Cornwall. The character and aspirations of a community like Cornwall do not align with the stated primary goal of the West River Group municipalities to remain as a rural community.

4. *Identify unincorporated areas contiguous with the West River communities and within the North River Fire District that would benefit from participation in a potential amalgamation.*

No interested citizens from unincorporated areas have expressed an interest in joining the West River municipalities. According to representatives of the North River Fire Department, furthermore, none of the abutting areas are clients of the department and therefore do not share in the key service feature that currently ties the West River Group municipalities to each other.

1. Introduction

The West River Group engaged Stantec Consulting Ltd. and its partners for this assignment, MRSB Consulting Services, to undertake a Municipal Growth Management Study in May 2018. The West River Group consists of the Rural Municipalities of Afton, Bonshaw, Meadow Bank, New Haven-Riverdale, and West River, which flank the banks of the West River west of the Town of Cornwall in Queens County, PEI. The five communities have come together to consider potential approaches to their future governance in the context of the Province's new *Municipal Government Act (MGA)*.

1.1. Current Municipal Structure

PEI currently has 70 municipalities: two cities (Charlottetown and Summerside), nine towns, and 59 rural municipalities (**Figure 1-1**). The province's municipalities are home to 100,838 of PEI's 142,907 inhabitants (70.6%), although they encompass just 29.6% of the Island's area (1,683.1 km² of 5,686.0 km²). The Island's municipalities have an average population of 1,441.

Charlottetown and Summerside have 50,923 residents according to the Census of Canada. The Towns of Souris, Georgetown Montague, Stratford, Cornwall, North Rustico, Borden-Carleton, Kensington, O'Leary, Alberton, and Tignish have a total population of 24,466. The current 59 rural municipalities, which were called communities and villages until recently, have 25,449 or just 431 each.

It is not surprising to find that Island municipalities are small compared to other Canadian provinces, given that PEI is Canada's smallest province with a population less than many Canadian cities. The average of 1,441 residents per municipality in PEI is the second smallest population among the ten provinces, trailing only Saskatchewan, which has a very fragmented municipal system featuring 781 municipalities serving an average of 1,333 people. Along with Newfoundland and Labrador, where the average municipality has 1,681 residents, PEI and Saskatchewan trail the remaining seven provinces by a wide margin. New Brunswick, which ranks seventh has an average of 4,797 people in its 107 municipal jurisdictions (**Figure 1-2**).

Figure 1-1 Municipalities, Prince Edward Island, 2017

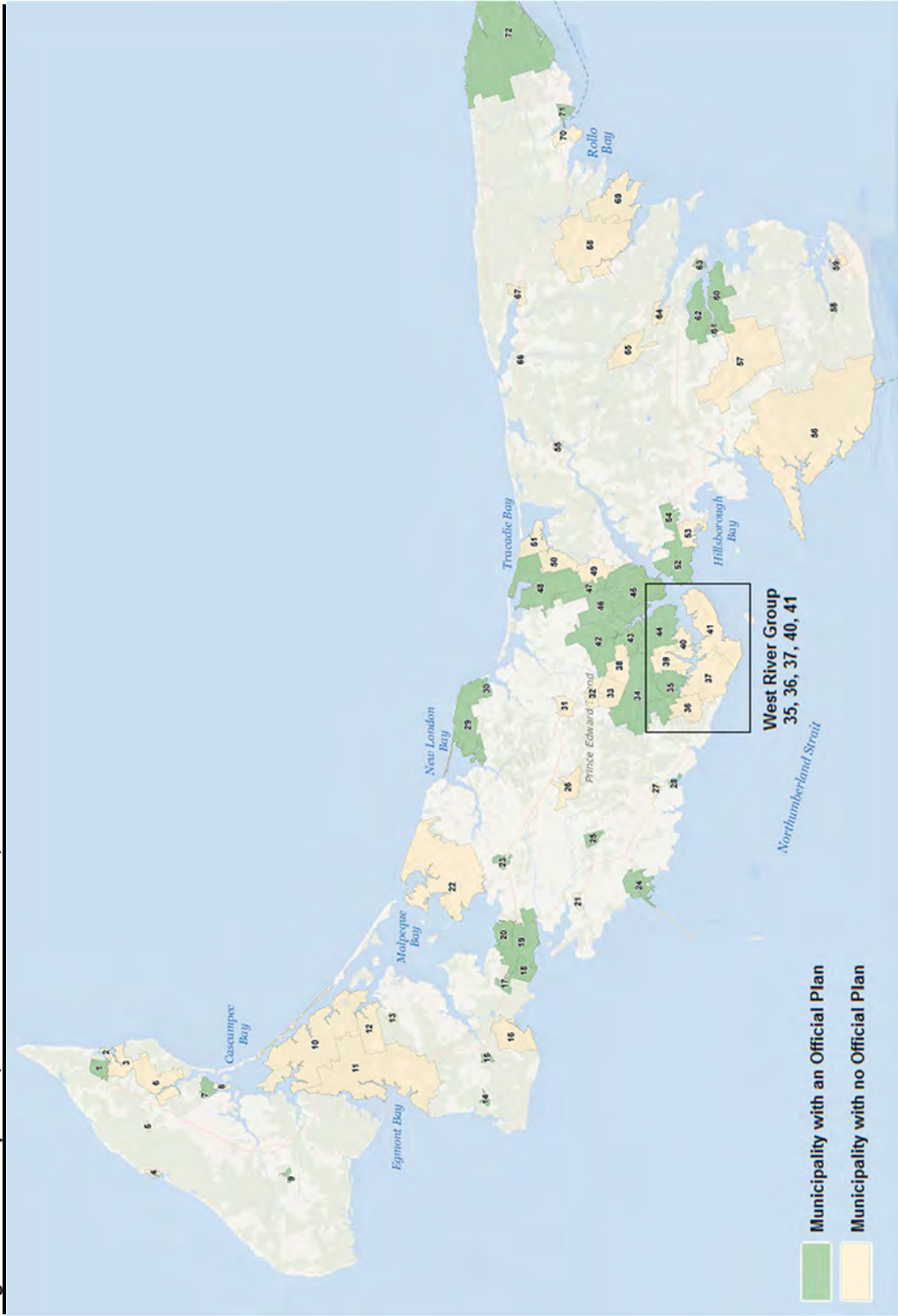
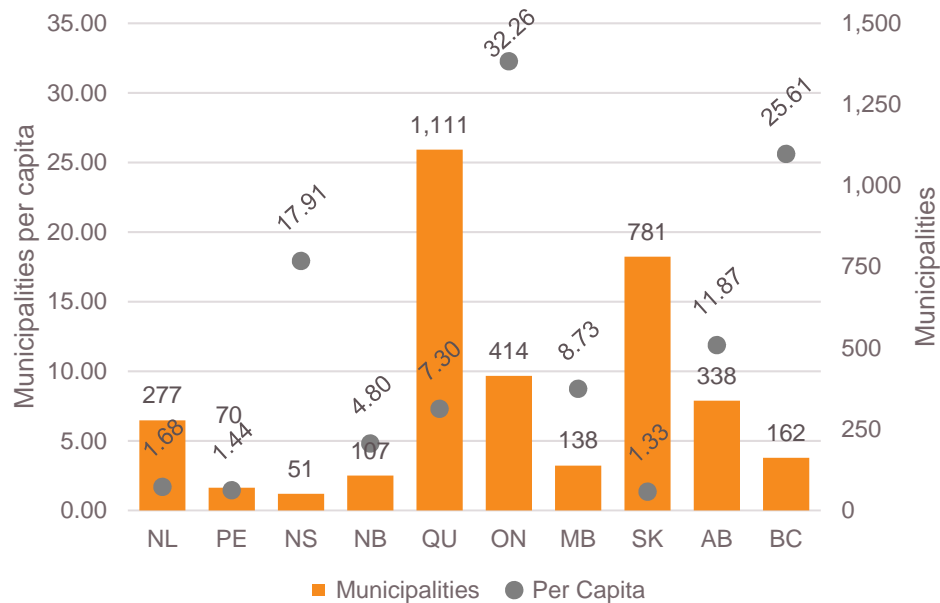


Figure 1-2 Municipalities by Province, 2018

Source Compiled by Stantec Consulting Ltd.

1.2. Municipal Changes

The Province of PEI proclaimed the new MGA on December 23, 2017. The new Act contains many important provisions for Island municipalities. Among the most critical changes, municipalities must do the following:

- Provide three mandatory services:
 - Fire protection;
 - Municipal land use planning services, including official plans and bylaws; and
 - Emergency measures planning
- Designate a municipal office that must be open a minimum of 20 hours per week and must be fully accessible to the public within five years of the new MGA coming into effect (i.e., by late 2023)
- Hold all-day elections beginning November 5, 2018, and appoint a Municipal Election Officer to oversee elections
- Appoint a Chief Administrative Officer (CAO)
- Adopt more stringent financial practices prescribed in the Act including preparing a Financial Plan and appointing an auditor to conduct an annual audit that meets public sector accounting standards by March 31, 2019.

The Act has also renamed and reclassified municipalities. Municipalities with populations up to 3,999 are now called rural municipalities; towns are expected to have 4,000 to 14,999 residents; and cities should have 15,000 or more. All five municipalities in the West River Group are now designated Rural Municipalities. The title of the leading Council member in the rural municipalities is now Mayor rather than Chair as in the past.

1.3. Project Process

The Prince Edward Island Department of Communities, Land and Environment prescribes the need for a Municipal Growth Management Study. The Department has described the purpose of a study as follows:

A Municipal Growth Management Study can help people study the social, cultural and economic resources in an area to increase capacity, improve service delivery and promote economic opportunities. A Growth Management Study can help a municipality to determine the appropriate size and scope for restructuring initiatives.¹

The current Government of PEI has made funding support for the conduct of municipal growth management studies available to municipalities interested in exploring options for the future of the five members of the West River Group.

According to the Department of Communities, Land and Environment website, the general principles to guide successful municipal restructuring processes and funding applications currently include:

- collaboration with municipalities in the broader geographical region;
- the presence of infrastructure and/or shared services that support a common vision for growth;
- clear procedures for engagement with residents;
- identification of shared economic, community, environmental and other interests;
- identification of the potential to improve governance processes and service delivery to residents;
- identification of the potential to increase the long-term financial performance of the municipalities;
- consideration of the minimum standards contained in the *Municipal Government Act*.²

Several of these principles were satisfied by the formation of the West River Group, which has brought together five rural municipalities with shared interests that have created a collaborative structure to consider the feasibility of shared governance.

In response to the RFP issued by the West River Group, our proposal set out a structured consultative process to complete the required study. The key feature of our approach is a condensed consultation process that took place over two weeks in mid-June 2018. On June 13 and 14 in the first week, we presented municipal restructuring options to the councils and residents of the West River communities. The following week, on June 20, we summarized input received the preceding week from interviewing as well as the consultation meetings and explored the consensus among meeting participants. The following day, we reported the results of this session to a collective meeting of municipal council representatives and discussed our approach to preparation of the current report.

¹ PEI Communities, Land and Environment, "Municipal Growth Management Study," <https://www.princeedwardisland.ca/en/information/communities-land-and-environment/municipal-growth-management-study>

² *Loc cit.*

A previous version of this report, entitled Assessment and Evaluation Report, was reviewed by the West River Working Group and approved for circulation to the public. It was been posted on the West River Growth Management Study website (<https://westrivergrowth.wordpress.com/>) to facilitate public access prior to a meeting to present its contents to interested citizens. Stantec and MRSB presented the document at the Afton Community Centre in New Dominion at 7:00 pm on Tuesday, August 28, 2018. This report, although retitled Options and Evaluation Report, has only minor adjustments from the previous version. It is the final product of the Municipal Growth Management Study and will be carried forward by the West River Group and their representatives for further discussion with their communities and their final decision concerning the most appropriate approach for their municipal organization.

West River Group representatives have scheduled a round of public meetings in each of the five West River communities to consider this document. The meetings will take place simultaneously at 7:00 pm on September 11, 2018. Municipal representatives will take input from the five sessions into account in reaching their final decision whether to pursue the recommendation of this report for amalgamation or an alternative approach to restructuring, or continue without changing current municipal arrangements for governance and service delivery.

2. Challenges and Responses

The rural municipalities of the West River Group are on the north and south of banks of the lower West River to the west of Charlottetown and Cornwall. All five are within Queens County in central PEI. The communities are rural, but many residents work in the nearby urban centers. The municipalities are collaborating to assess the implications of requirements in the new MGA and options for their response.

2.1. Community Overview

All five municipalities in the West River Group are small communities or groups of communities. The largest municipality in terms of population is Afton with 1,291 residents per estimates by the Province of PEI based on 2016 Census of Canada counts. Bonshaw is the smallest with just 187 people. Together, the five group members have a population of 3,154 (**Table 2-1**).

Table 2-1 Population and Population Change, West River Group Municipalities, 2011-2016

Municipality	Incoop.	Population		Change		Area (km ²)	Pop. /km ²
		2011	2016	No.	%		
Afton	1974	1,222	1,291	69	5.6%	39.8	32.44
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TOTAL		3,004	3,154	150	5.0%	119.6	26.37

Source PEI Communities, Land and Environment

Although the current populations are modest, four of the five municipalities grew between the 2011 and 2016 censuses. While Bonshaw lost a substantial proportion of its population (-14.2%), the other four gained between 5.0% (Meadow Bank) and 8.1% (West River). Overall, the area increased its population by 5.0%. By contrast, PEI as a whole increased its population by just 1.9% during the five-year period. Continued growth seems likely given that the area is in the path of development that is expanding from Charlottetown through Cornwall.

Although their combined population falls short of the 4,000-resident standard required for town status under the MGA, the population of 3,154 would make a combined municipality the fifth largest in PEI. The five municipalities also have a

strong tax base. Their 2018 total assessment is nearly 50% more than the \$200-million threshold expected of towns.

The tax base is reasonably evenly distributed among four of the municipalities, although Meadow Bank and West River stand out on a per capita basis. Bonshaw, on the other hand, lags its four partners significantly in absolute and per capita terms. Tax rates are also reasonably similar, ranging from \$0.10 to \$0.20 per \$100 of assessment. The higher rate in New Haven-Riverdale is attributable to the Municipality's commitment to a black fly control program that adds \$0.03 to their property tax rate. The weighted average of the current tax rates across the five municipalities is \$0.13 per \$100 (**Table 2-2**).

Community assets are modest. Afton and Bonshaw each has a community centre with associated land. Afton also owns lands associated with the site of the former Rice Point Wharf. New Haven-Riverdale, and West River do not have community centres but offer municipal parks and recreation lands. Meadow Bank has only the signage that denotes entrance to the municipality. None of the municipalities currently carries any debt.

Other than planning services and the black fly control program in New Haven-Riverdale, services are very similar. All five municipalities contract for fire protection with the North River Fire Department, which operates from a station in Cornwall. The department is a non-profit organization owned by its volunteers. The Fire Chief stated in an interview with Stantec that the Department currently contracts with 16 municipalities within reach of their station. The Department charges each municipality it serves in the West River Group, \$0.075 per \$100 of assessment, which ranges from 35% to 70% of the taxes among the five communities and constitutes 53% of the average tax rate.

Only New Haven-Riverdale has an official plan and zoning bylaw. The documents were prepared under contract in 2010 by Phil Wood and Associates, a well-recognized planning consulting firm that has completed many official plans and zoning bylaws for Island municipalities. The plan and bylaw are administered by the New Haven-Riverdale Planning Board, an approach that will not be permitted under the new MGA. The other four municipalities will have to engage professionals to prepare official plans and zoning bylaws to satisfy the MGA as well as to oversee their application. None of the municipalities currently has an emergency measures plan.

Each municipality currently has administrators that work less than the 20 hours per week now required by the MGA. Most receive stipends or honoraria. While this is an efficient use of resources, the MGA will require increased working hours. Additional financial administration requirements as well as the need to be present in prescribed municipal offices will require a new approach to administration and likely increased compensation for administrative staff.

The municipalities will also have to make upgrades to address the requirements of the new Act for enhanced administration. The Afton Community Centre and Bonshaw Community Halls are both in good condition, particularly the Afton structure, which already meets accessibility standards. The Bonshaw building will probably require renovations, to accommodate office functions; however, municipal representatives have stated that the Afton structure is suitable without any change. The other municipalities either rent space for office functions (i.e., New Haven-Riverdale) or have no established space for these functions (i.e., Meadow Bank and West River).

Table 2-2 Municipal Profiles, West River Group Municipalities, 2018

Description	Afton	Bonshaw	Meadow Bank	New Haven-Riverdale	West River	Total
Assessment Base	\$139,137,900	\$11,878,100	\$34,949,300	\$34,686,400	\$76,414,000	\$297,065,700
Assessment per Capita	\$107,775	\$14,829	\$186,895	\$97,708	\$146,950	\$94,187
# of Properties	1,404	163	298	360	840	3,065
Municipal Tax Rate	\$0.12/\$100	\$0.16/\$100	\$0.10/\$100	\$0.20/\$100	\$0.13/\$100	\$0.13/\$100*
Assets	<ul style="list-style-type: none"> • Community Centre (operating agreement) • 7 acres behind the Community Centre • 13 acres associated with former Rice Point Wharf site 	<ul style="list-style-type: none"> • Community Centre including 0.5 acres • Maintain a small inactive private cemetery 	<ul style="list-style-type: none"> • Signage 	<ul style="list-style-type: none"> • R.J. Mutter Park, walking trails and sports fields (37.8 acres) • Office equipment 	<ul style="list-style-type: none"> • Lloyd Inman Memorial Park (land, buildings, equipment) • Computer equipment 	
Debt	None	None	None	None	None	
Administration	<ul style="list-style-type: none"> • CAO less than 20 hrs./week • No office hours • Meetings at Community Centre 	<ul style="list-style-type: none"> • CAO less than 20 hrs./week • No office hours or space • Meetings at Community Centre 	<ul style="list-style-type: none"> • CAO less than 20 hrs./week • No office hours or space • Meetings at APM Centre 	<ul style="list-style-type: none"> • CAO less than 20 hrs./week • No office hours • Office and meeting space rented from Kingston Legion 	<ul style="list-style-type: none"> • CAO less than 20 hrs./week • No office hours or space • Meeting space rented from Women's Inst. 	
Fire Protection	Yes	Yes	Yes	Yes	Yes	
Land Use Planning	No	No	No	Yes	No	
Emergency Measures	No	No	No	No	No	
Black Fly	No	No	No	Yes	No	

* Weighted average of current municipal tax rates

Source MRSB Consulting Services interviews with Working Group Members and Community Administrators

2.2. Restructuring Options

The MGA sets the framework for municipal government in Prince Edward Island and Island municipalities must comply with its requirements. The Province's recent revision of the Act has sweeping consequences for its municipal governments. They do not have to restructure; however, they must determine the best available approach to meet their new obligations.

Collaboration is an obvious solution. It can be achieved by amalgamating to create a municipality large enough to cost-effectively provide the services mandated by the new MGA or through other means by which municipalities can share resources and pay for services, many of which are already used by Island municipalities.

The following subsections present three alternatives for consideration:

- Service agreements
- Regional agency
- Amalgamation.

They offer three levels of integration allowing different degrees of flexibility and municipal independence.

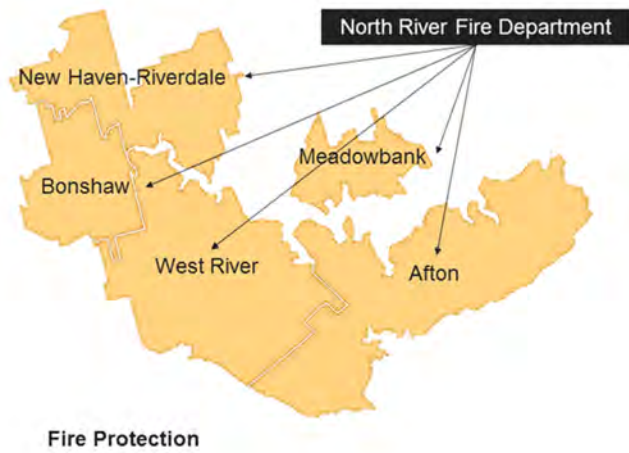
2.2.1. Shared Service Agreements

Two or more municipal units can arrange to provide services, share revenues, or otherwise address their needs or goals through contractual agreements. Municipalities may share some services and deliver others on their own.

The variety of alternative service arrangements is considerable. The examples diagrammed in **Figure 2-1** show hypothetical options for delivery of the three services mandated under the MGA. For land use planning, New Haven-Riverdale, which is the only municipality that currently has an Official Plan, might hire a planner/development officer and sell his or her services to the other four municipalities. New Haven-Riverdale might also develop emergency management services to sell to its immediate neighbors in Bonshaw and West River, perhaps using the same employee, if that individual has an appropriate background. Meadow Bank and Afton, on the other hand, might feel more closely connected to each other and could contract another person or organization or arrange for volunteers to provide these services. As shown, Meadow Bank would be the service provider but either municipality could hire appropriate staff and sell the service to their opposite number. In the final example, all five municipalities could continue to obtain fire protection services from the North River Fire Department.

Service agreements are common and offer a flexible approach to obtaining services. Three different services can be delivered three different ways. The hypothetical arrangements shown in **Figure 2-1** can be varied in many ways. Any of the five municipalities could deliver any of the five services to other West River Group members. One might sell only an aspect of one service while another municipality took care of the remaining service requirements. They might also sell services to municipalities outside the West River Group.

Figure 2-1 Hypothetical Shared Service Arrangements, West River Group Municipalities



Source Stantec Consulting Ltd.

Service agreements are well-established among municipalities in Atlantic Canada. Providers are usually other municipal units, but private companies can also supply services, as can individuals contracted by one or more municipalities. The arrangement all five West River municipalities have with the North River Fire Department is an example of a privately supplied shared service. It is also an example of a service provider that has established relationships with a wide range of municipal clients and is open to additional agreements. Providers may grow to any size that client municipalities will support.

Municipalities can share services regardless of municipal structure. All five members of the West River Group have obtained fire protection for many years through shared service agreements with the North River Fire Department. Our understanding, in fact, is that the current municipalities were created in the 1970s as agents to arrange the provision of fire services to citizens in many areas of the Island.

If the West River municipalities were to create a regional agency as described following or amalgamate as discussed in **Section 2.5**, below, the new agency or municipality would have the same ability as the currently separate municipalities to contract with other municipalities and private providers for required services or to sell services that they might provide to their residents outside their municipal jurisdiction. Under the new MGA, however, municipalities cannot share administrative facilities or staff. The Act requires each municipality to employ a CAO, elect its own council, and maintain a municipal office within its limits that must be made fully accessible by 2022.

2.2.2. Regional Agency

Like service agreements, regional agencies can take many forms. Municipalities can create an agency to deliver just one service (e.g., a transit authority or a water utility in a large town or city) or to supply a full suite of services. An agency may also contract with other public or private sector organizations as municipalities do through service agreements.

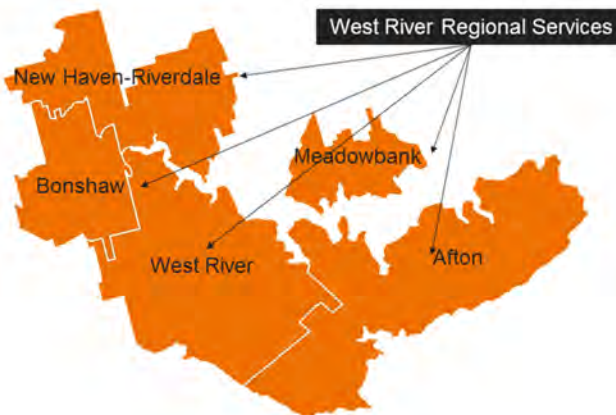
The map in **Figure 2-2** represents a single agency that would deliver planning, emergency measures, and fire protection services to all five West River municipalities. The agency could hire its own staff to deliver the first two services and might well continue to contract with the North River Fire Department for fire protection. Although staff and equipment of the regional agency might be located in a selected center, under the MGA, each individual municipality would have to maintain an office within its limits. Each municipality would also be required to have its own council and CAO as would be the case if the municipalities relied on shared service agreements as the mechanism for their collaboration.

Like service agreements, regional agencies are common. Each of PEI's three counterpart Atlantic Provinces has a framework of regional agencies involved in solid waste management. New Brunswick, and Newfoundland and Labrador have recently adopted legislation that encourages the development of multi-purpose regional structures that are mandated to handle solid waste management but can also incorporate other services.

New Brunswick's new Regional Service Commissions are required to provide solid waste and regional planning services. They are also expected to provide a forum for discussion of regional emergency services and recreation facilities. They may take on responsibility for the delivery of any local service assigned to them by member jurisdictions. Newfoundland and Labrador's *Regional Services*

Board Act does not prescribe any specific services to the boards but provides the scope for a board to assume nearly every facet of local government service delivery with the approval of the municipal units it serves.

Figure 2-2 Hypothetical Regional Agency Service Delivery, West River Group Municipalities



Source Stantec Consulting Ltd.

2.2.3. Amalgamation

Amalgamation would unite the five municipalities comprising the West River Group into a new Rural Municipality (**Figure 2-3**). All municipal services would presumably be delivered through the amalgamated local government, although it would have similar potential to contract services as the five independent municipal units or a regional service agency (e.g., it could continue to contract with the North River Fire Department for fire protection).

An amalgamation of the West River communities will create a municipality with more than 3,000 residents. If population of the united municipality reached 4,000 people, it could become a town. The new municipality can be expected to spend more and require more tax revenue than the current separate municipal units have recently paid because of the requirements of the new MGA. As noted above, only New Haven-Riverdale currently delivers planning and development services, and it does so through its volunteer Planning Board, which the new MGA does not allow. None of the current municipalities delivers emergency services.

If the five rural municipalities remain separate, they will face the same cost pressures but will individually have less resources with which to deliver the services the MGA requires from them. Amalgamation inherently offers the economies of scale that service agreements and regional agencies seek to exploit.

Figure 2-3 Amalgamated West River Group Municipalities

Source Stantec Consulting Ltd.

More significantly under PEI's new MGA, amalgamation should avoid the duplication of several critical expenditures. Regardless of the use of shared service arrangements or regional agencies, the MGA requires each municipality of the West River Group to have its own municipal council, its own CAO, and its own municipal building. Municipalities will also have to prepare five municipal budgets and pay for five audits. As a single municipality, the amalgamated communities will be required to maintain just one office, and can be led by one CAO and one municipal council. An amalgamated municipality will prepare only one budget and will have to pay for just one audit.

2.3. Strengths and Weaknesses

Each approach outlined above allows municipalities to exploit economies of scale in provision of local services. If a small municipality, for example, does not generate enough development to justify employment of a professional planner, a shared service agreement, a regional agency, or amalgamation will allow its citizens to secure the service through pooling of resources.

The approaches involve tradeoffs, and their strengths and weaknesses generate lively debate among their proponents (**Table 2-3**). They are not incompatible with each other. Shared service agreements, for example, are widely used and can be employed in conjunction with the regional agency approach or amalgamation as well as other restructuring options. The current shared service arrangement with the North River Fire Department, for example, can be assumed by a regional agency created for the West River Group or by an amalgamated municipality formed of the five municipalities.

An amalgamated municipality might in fact become a shared service provider, if it developed a planning and development function and sold the services of its staff to other rural municipalities. As noted above, the approach is very flexible and could be used to meet the needs of two or three municipalities in the West River Group, while the remaining municipalities met their needs individually or through alternative partnerships with municipal units outside the group.

The leading criticisms of shared service arrangements are that they can be complex as different combinations of municipalities may provide different services. They are also subject to limited political control, particularly for residents in client municipalities that receive services. Their council representatives have limited say in the delivery of service (e.g., assets purchased or foregone and level of service provided) as the provider normally makes decisions based on satisfying the broad range of service recipients. While advocates contend that service agreements create competition among suppliers to tailor service delivery to client needs and wants, the range of options in a smaller jurisdiction like PEI is likely to be narrow, particularly once a key service provider is well-established. This may cause dissatisfaction with cost control, which may lead to instability as users seek alternative arrangements to obtain cost effective services.

A further criticism of shared service arrangements is lack of coordination as separate providers may well be engaged for each service. A multi-purpose regional agency can address the concern by bringing all services or, at least, a wide range of services under one roof. The issue of political separation may however persist as the regional agency will have multiple masters (i.e., the partner municipal units) represented through an appointed board (usually selected members of each municipal council and, perhaps, some citizen appointees). Meeting the needs of all partners continuously can be difficult and may lead to instability if one or more unhappy municipal participants withdraws from the arrangement.

A related issue is equitable funding for services. Services suited to user charges such as water and wastewater services, which can be metered; transit for which tickets can be sold; and solid waste management for which tipping fees form the primary revenue stream are well-suited to provision by a regional agency. This is more difficult for services like planning, from which benefits are unevenly distributed and harder to define, and for which it is difficult to directly charge users/beneficiaries the full-service cost.

Amalgamation addresses coordination, political representation, and long-term stability directly. All services are typically delivered through the amalgamated entity, although it is also possible to deliver one or more services through a contract arrangement with a provider such as the North River Fire Department or by creating a separate municipally-owned agency such as a water or wastewater utility where one is needed. Those services delivered by the amalgamated unit will, in any case, be directly subject to the control of the municipal council.

Amalgamated municipalities are also inherently stable. Many Atlantic Canada municipalities have been created through amalgamation. We are aware of none that has dissolved or “deamalgamated.” Across Canada, deamalgamation has been rare, with the primary examples being 32 municipalities in Quebec that re-established following local referenda held within three years of their involvement in amalgamations. Eighty-nine Quebec municipalities among 226 merged in the period participated in referenda.

The most powerful criticisms of amalgamation are that it encourages the enhancement of municipal services to the “highest common denominator” and encourages the growth of municipal bureaucracy, thereby increasing municipal costs. The tendency is stronger in larger jurisdictions served by large numbers of municipal employees, but it is relevant to taxpayers in smaller communities as well.

Another drawback is the loss of municipal identity. A key virtue of shared services and regional agencies to many is the ability to preserve local identities through smaller municipal units. As we have noted, multiple municipalities create choices for residents who may prefer the services or the approach to governance of one municipality over another, although the potential for service variations is narrow in a small jurisdiction like PEI. Amalgamation, in any case, reduces the number of options available.

Table 2-3 Perceived Strengths and Weaknesses of Municipal Restructuring Options

Option	Strengths	Weaknesses
Shared Services	<ul style="list-style-type: none"> Widely used Flexible Preserves local identity 	<ul style="list-style-type: none"> Can be complex Political separation Uncoordinated Unstable
Regional Agency	<ul style="list-style-type: none"> Coordinated Preserves local Identity 	<ul style="list-style-type: none"> Additional organization Political separation Funding Unstable
Amalgamation	<ul style="list-style-type: none"> Coordinated Stable 	<ul style="list-style-type: none"> Bureaucratic Cost escalation Change of identity

Source Stantec Consulting Ltd.

2.4. Other Considerations

If amalgamation is likely to be beneficial for the five municipalities of the West River Group, the question may well be raised whether the municipalities in the Group might not benefit from inclusion of additional partners. Other municipalities and unorganized areas abutting the West River Group are clear candidates. Citizens in unorganized lands at the edges of the West River municipalities have not however made representations to be included. Per representatives of the North River Fire Department, furthermore, none of the abutting areas are clients of the department and therefore do not share in the key service feature that currently ties the West River Group municipalities to each other.

The Town of Cornwall may seem a stronger potential candidate. The North River Fire Department's station is in Cornwall and serves the town. As well, three West River municipalities (i.e., Afton, Meadow Bank, and New Haven-Riverdale) are members of Communities 13, an inter-municipal corporation that built the APM Centre in Cornwall and now collaborates on its operation.

Despite these overlaps, the town and the five rural municipalities of the West River Group differ fundamentally, beginning with their respective settlement patterns. The population density in the town is 189.7/persons per square kilometer; whereas density in the West River Group ranges from 13.36 (Bonshaw) to 38.21 (Meadow Bank). The average of 26.37/persons per square kilometer across the area covered by municipalities in the Group is less than one-seventh the density of Cornwall.

The character of Cornwall is urban as its density demonstrates. The density of population in the town is reflected in its substantial commercial tax base and more closely packed housing. Both features of the town are facilitated by the presence of municipally provided water and wastewater services, which are a major service commitment that none of the West River municipalities has found necessary to take on.

In addition to a Water and Sewer Utility that manages the Town's underground services, Cornwall also has Planning, and Parks and Recreation Departments. Like Cornwall, the West River Group municipalities provide recreation services and, as noted, share the area's most elaborate recreation facility. Cornwall has a much more formal parks system with active facilities like the Terry Fox Sports Complex, an outdoor pool, a skate park, and a range of sports fields, as well as passive facilities like the Community Gardens and the Town's trails system.

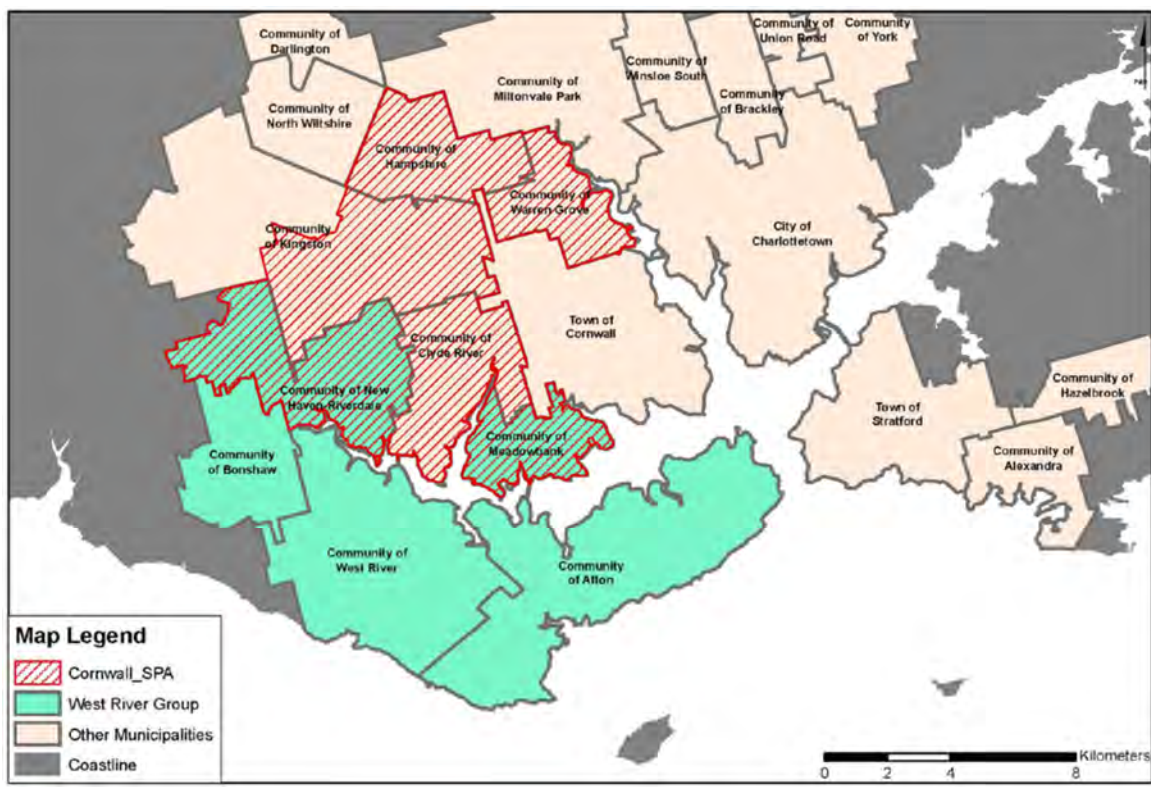
Since its foundation in 1995, Cornwall has had an Official Plan and Zoning Bylaw created, maintained, and applied by the Town's Planning staff. With the application of the new MGA, the West River municipalities will be required to provide the same. The municipalities might, in fact, contract with Cornwall to obtain these services, if the Town is interested in being a provider in a shared service arrangement.

The expanded services required by Cornwall come at a cost. In 2017, Cornwall spent \$4,871,026 or more than 12 times the total combined expenditures of the West River Group municipalities in the same period. Cornwall has a variety of property tax rates. The Town's current base rate for non-commercial property is \$0.46 per \$100 or three and a half times the weighted average rate for the West River Group (\$0.13/\$100 shown in **Table 2-2**, above). The Town applies higher rates to commercial properties and to the non-commercial components of properties owned by non-resident individuals or corporations. The Town charges separately for water and sewer services based on metered consumption or fixed rates for unmetered consumption (currently \$282 per unit per year for unmetered water and \$266 per unit per year for sewerage).

The considerably higher tax rates levied by the Town of Cornwall reflect the urban nature on the community. In the long-term, urban growth may spread from Cornwall into the West River area. To date, urban development beyond Cornwall has been restricted by the Cornwall Region Special Planning Area, which strictly limits the subdivision of land in Meadow Bank and New Haven-Riverdale (**Figure 2-4**).

The assumption of planning services by the rural municipalities may lead to the repeal of the regulation, leaving the communities to decide the degree of development they wish to accommodate. The decision of the communities to remain separate or to amalgamate will influence how this plays out as separate local governments will be able to go their own ways while an amalgamated region would be expected to coordinate growth within its limits, recognizing that it is certainly possible within any municipality to designate growth centers while limiting development in other locations.

Figure 2-4 Cornwall Region Special Planning Area



Source: West River Group

3. Research and Consultation

Stantec and MRSB employed a multi-pronged consultation approach for this assignment. In addition to holding two public meetings over the course of two weeks in June 2018, Stantec created and managed a blog site to present information to the public and report consultation input. We also conducted one on one interviews in conjunction with the consultation sessions.

Throughout the process, we were assisted by Neally Currie, who the West River Group engaged as coordinator as we began work on the assignment. Ms. Currie created a Facebook site that she linked to our blog site. She also contacted many stakeholders directly to ask them if they were interested in being interviewed by the consultants and to encourage them to attend the public meetings. Along with a strong effort by the municipal partners to circulate meeting notices to all households under the jurisdiction of the five municipalities, the Facebook page was very successful in encouraging public participation.

3.1. Interviews

The consultants issued an invitation to residents and stakeholders to meet for a personal or group interview on the days when we were conducting evening sessions. Neally Currie issued more than 100 direct invitations but take up was modest. Stantec's Project Manager conducted interviews with several residents, representatives of the North River Fire Department, PEI Federation of Agriculture, Central Queens Branch of PEI Wildlife Federation, and the Bonshaw Women's Institute; as well as Peter Bevan-Baker, Member of the Legislature for Kelly's Cross-Cumberland and leader of the PEI Green Party.

Stantec made a specific request to meet with a North River Fire Department representative as we were interested in confirming that the Department would be available to serve the communities of the West River regardless of their municipal governance. The Fire Chief confirmed that the Department would be interested in continuing to provide fire protection service under all foreseeable circumstances. He noted that they had already dealt with the amalgamation of Brackley and South Winsloe without altering the level of service or changing the rate charged for service.

We similarly, talked with the representative from the Wildlife Federation to learn about their interaction with the municipalities in their role as the primary stewards of local watercourses. Their local manager said that their primary interaction with the local municipalities was to make occasional presentations to update council members on their activities. He noted that amalgamation would allow his organization to communicate with just one body, which would save time, but suggested that, otherwise, he expected no change.

Other group representatives and citizens expressed support for restructuring to address the requirements of the new MGA. Most, in fact, supported amalgamation. Mr. Bevan-Baker also expressed his support for the changes proposed by the government, although he is in opposition. He noted that he voted for the new Act and felt that change is needed to create more effective local government on the Island.

3.2. Public Consultation

As stated, the West River Group hosted two public meetings at which Stantec and MRSB presented information on municipal restructuring and its potential consequences. Both sessions were held in the Kingston Legion in New Haven-Riverdale and were open to all members of the public. Advertising was placed in the Guardian newspaper two weeks in advance and the West River municipalities hand delivered paper notices to every household within their limits. The Group also informed the public on Facebook and Stantec created supporting posts for the project website. We were further assisted by media interest, particularly from CBC, whose reporter interviewed John Heseltine from Stantec and Helen Smith-MacPhail, the Vice Chair of the Working Group in connection with the consultation sessions.

3.2.1. Public Meeting 1

Close to 150 people attended the first public meeting on Thursday, June 14, 2018. (see **Figure 3-1**). The meeting consisted of two components outlined in advertising to the public. The session began at 6:00 pm with an open house in which attendees were encouraged to review six panels prepared by the consultants to summarize municipal governance options and their estimated financial impacts. At 7:00 pm, Elizabeth Wilson, Chair of the Working Group, introduced the consultants from Stantec and MRSB who presented, respectively, on municipal restructuring options and their potential financial impacts.

A lively discussion on the suitability of the service delivery options presented to address the challenges of the new MGA followed the presentation. Participants divided between those who accept that the communities of the West River Group must change to deal with the requirements of the new Act and those strongly opposed, who urged resistance to the Province's legislation. The first group included one individual who had experienced amalgamation in Ontario and views it favorably, another from an unincorporated community who suggested that amalgamation of the entire county area (i.e., Queens) should be considered, and several who expect important benefits from land use planning mandated by the Act. The opposing second group included strong opponents to amalgamation, who suggested the Province is forcing it on Island's small municipalities.

Attendees asked several questions of the consultants. Notably, some asked for more detailed information concerning the costs of local service delivery using shared service arrangements or a regional agency. The Working Group authorized MRSB to respond to this request and develop estimates for presentation at the following public meeting on Wednesday, June 20.

Figure 3-1 West River Public Meeting 1, June 14, 2018



Source Stantec Consulting Ltd.

3.2.2. Public Meeting 2

While attendance at the second public meeting dropped off from the first, it remained healthy. By our count, the session drew 62 individuals, which included many councilors from the five West River Group municipalities.

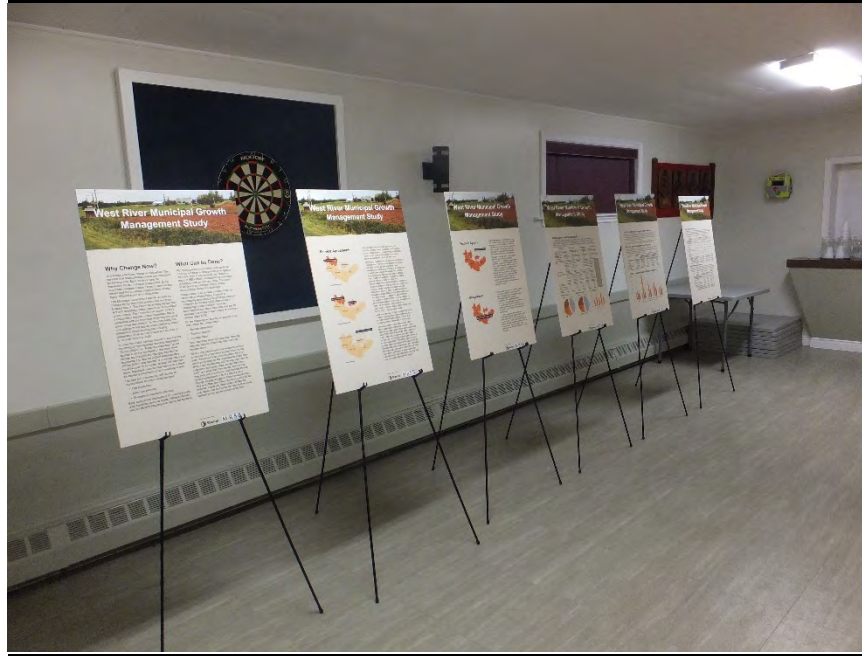
We set up the same panels as we displayed at the preceding meeting (**Figure 3-2**) but prepared a new presentation. While we reviewed the process and some key issues to refresh the memories of audience members, our main purpose was to report what we heard the previous week and through other completed consultations. We noted questions received online as well as input in favor of municipal restructuring and opposed to it.

As promised at the preceding meeting, MRSB presented a financial analysis of shared service arrangements and the potential establishment of a regional agency to deliver services. The analysis was outside the scope of our strict terms of reference for the Municipal Growth Management Study, but the municipalities agreed that it was reasonable information for the public to request.

MRSB estimated that sharing of services and provision of services through a regional agency would yield moderate cost savings and marginally lower tax rates relative to continuing the current practices of the separate municipalities, which we have noted include shared service arrangements with the North River Fire Department. Estimated savings through amalgamation, however, are much greater, largely because continued operation of separate municipalities in the West River area will require five councils, five municipal elections, five municipal offices, five CAOs, five annual audits, and other duplications (see **Chapter 4**, below).

Several speakers during the question and answer session that followed our presentation protested the requirements of the *Municipal Government Act* for a second time. Opposing speakers, however, expressed support for some of the changes that will come through the Act. Others accepted that the Act is now the law and said the focus should be on the most effective way to move forward.

Figure 3-2 Panel Display, West River Public Meeting 2, June 14, 2018



Source Stantec Consulting Ltd.

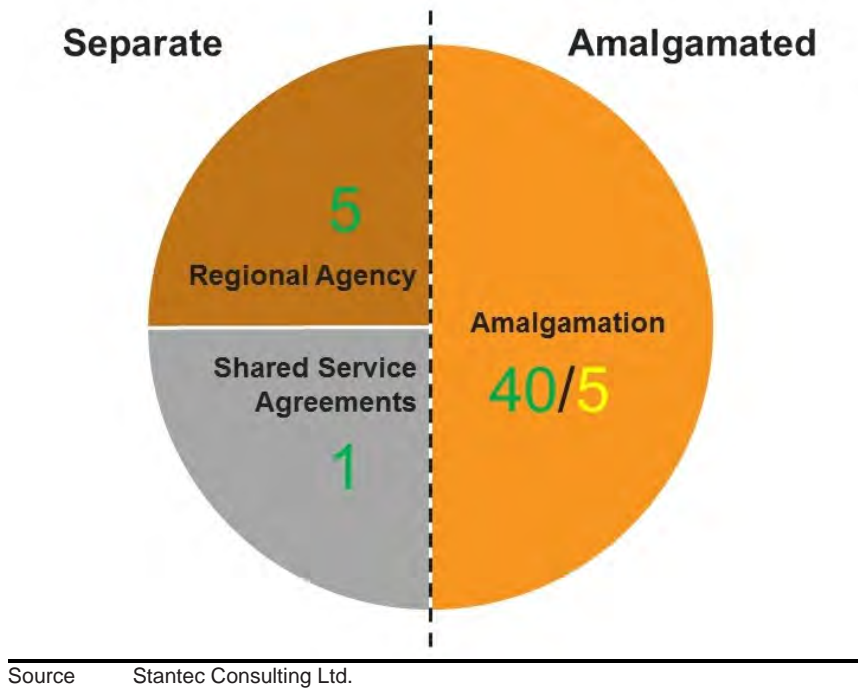
To get a measure of opinions among participants in the meeting, we closed the session with what we call a Dotmocracy process. Dotmocracy is a “voting” or polling procedure, that involves selecting a preferred course of action by placing an adhesive dot on a chart portraying available choices. We presented three choices through the consultation process: shared services, regional agency, and amalgamation, as presented in **Chapter 2**, above.

Service sharing and the creation of a regional agency are both associated with continuation of the five separate municipalities. Service sharing is a flexible option that can be pursued to the degree that it appears advantageous to municipal participants. The status quo equates to the shared services option, since the municipalities already have a service sharing arrangement with the North River Fire Department for fire protection and could create service sharing arrangements for land use planning and emergency measures planning if they determined that the approach would improve the level of service they would receive or lower the cost of its provision.

We were careful to explain that the fundamental choice was between continued separation and amalgamation and provided some brief instruction on how and where to apply the dots. We were also clear that the “vote” would not be binding. While 62 participants is reasonably good attendance, it is obviously a small minority among 3,154 residents and the process was not a secret ballot. We also gave participants from areas outside the West River municipalities dots colored differently (yellow), from participants from Afton, Bonshaw, Meadow Bank, New Haven-Riverdale, and West River (green). The results of our non-binding poll

were one in favor of shared services, five favor of a regional agency, and 45 preferring amalgamation – 40 from within the West River area and 5 from outside as shown in **Figure 3-3**.

Figure 3-3 Dotmocracy Polling Results, West River Public Meeting 2, June 20, 2018



3.2.3. Public Meeting 3

The West River Group hosted the third and final public meeting of the consultation program set by the consultants at the Afton Community Centre at 7:00 pm on the evening of August 28, 2018. The Working Group advertised the meeting on Facebook, in the Guardian, and, once again, circulated notices door-to-door within the five West River Group municipalities. The publicity attracted 97 participants to the event.

The consultants presented the Assessment and Evaluation Report at the meeting. They reviewed much of the content presented at the previous meetings – albeit more briefly. They acknowledged that while amalgamation could streamline and coordinate service delivery, service agreements or a regional agency offered alternatives that could achieve very similar benefits. They reinforced that the key financial benefits of amalgamation resulted from the requirement that each municipality have its own governance and administration structure and its own administrative facilities. Five separate municipalities would require five councils, five CAOs, five municipal offices, five official plans and zoning bylaws, and five sets of financial records. An amalgamated municipality, on the other hand, would need just one of each. The savings from avoiding the repetition of expenditures are key to the significantly lower tax rates possible in an amalgamated municipality relative to separate municipalities, as explained in detail in **Chapter 4** of this report.

The Assessment and Evaluation Report, which had been reviewed and approved by members of the West River Working Group was available to the public on the project web site for approximately a week before the final public meeting. As noted it was very similar to the current document save for this summary of the meeting and adjustments to the Introduction chapter, above, that reflect the advancement of the study process following from the meeting. The report and the consultants' presentation recommended that Afton, Bonshaw, Meadow Bank, New Haven-Riverdale, and West River amalgamate to become a single municipality, as does this report in **Chapter 5**, below. It also explained the process to pursue amalgamation outlined in **Chapter 5**.

Following the presentation, Elizabeth Wilson invited participants to ask questions or make comments on the report and presentation. As in the previous two sessions, some speakers expressed objections to the MGA and argued that the municipalities should wait for the next Provincial election to bring a new government that will amend the legislation. The possibility is however speculative, and most participants appeared to prefer to satisfy the legal requirements of Provincial legislation as economically as possible. Several speakers also endorsed the benefits of land use planning and collaboration among West River communities encouraged by the new Act.

3.3. Consultation Summary

Participation in the open public meetings was good. The numbers at the first session compared very well to similar sessions that we have held in other communities for municipal restructuring processes and boundary reviews. The drop off in participation in the second meeting also fits with our experience but the numbers attracted were still substantial and more than sufficient to sustain healthy debate. The third and final meeting, drew numbers in between the high of the first session and lower attendance of the second and, again, was more than adequate to support healthy discussion of the issues.

The third meeting reinforced the impression gained in the first two sessions. The recommendation for amalgamation reflected the informal vote at the close of the second meeting. Input throughout the consultation process suggested broad but subdued support for restructuring in the context of meeting the requirements of the new MGA. Certainly, some who support restructuring were ambivalent concerning the changes in the legislation. Others, however, see benefits in the new services required, particularly the benefit of land use planning in the context of ongoing development throughout the West River municipalities. At all three public meetings, speakers opposed to restructuring paid little attention to the options presented. They focused on the MGA and argued strongly that the focus should be on changing the legislation rather than making changes to comply with its requirements.

Resisting the MGA is not a realistic option for the West River Group municipalities or for other Island municipalities. The legislature has proclaimed the new MGA and it has been law for half a year at this writing. A time table has been set for compliance with its requirements setting many of the deadlines referred to above. The MGA does not strictly define the penalties for non-compliance, but they could include the dissolution of the municipal Councils, withholding of funds by the Province, and forced municipal restructuring.

It appears, in any case, that the majority of residents prefer compliance to defiance. Through three meetings, participating members of the public, on the whole, focused on understanding the issues confronting their municipal governments, and the costs and benefits of the options presented. None raised a direct objection to the recommendation that has been carried from the Evaluation and Assessment Report to this final report. The round of local meetings that the West River municipalities have scheduled for September 11 should give each of the West River Group members the opportunity to confirm our assessment.

4. Financial Comparison

As explained, the new MGA will increase the requirements and responsibilities of all PEI municipalities. Municipalities must provide specific infrastructure and add services. Most rural municipalities do not currently deliver land use planning or emergency planning services.

Current Provincial data indicates 19 of 59 rural municipalities in PEI (32.2%) have official plans. No record of emergency measures plans is available, but we suspect an even smaller number have formal plans in place. As we have noted, only New Haven-Riverdale, among the five municipalities in the West River Group, has an official plan and none of the municipalities has an emergency plan. Most rural municipalities also do not have municipal offices in place and employ administrators who work less than the now required 20 hours per week. None of the West River municipal units currently satisfies either requirement.

MRSB held meetings with representatives of each of the five municipalities to review and gain a clear understanding of the municipal financial information. After analyzing financial information and assessing the impact of compliance with the MGA, MRSB held further meetings with representatives of each municipality to present their financial analysis. MRSB also met with the Working Group before the public consultation process to present and discuss their analysis of the financial impact of amalgamation on the five municipalities.

4.1. Expenditure Under the New MGA

Compliance with the MGA will add to the costs of operating each municipality in the West River Group. **Table 4-1** shows current expenditures by the municipalities in 2017 with itemized additional expenditures required to ensure compliance with the new Act. Total expenditures range from a low of \$22,700 in Bonshaw, which is the smallest of the five municipalities, to a high of \$159,500 in Afton, which is the largest.

Remaining rows in the table show estimated additional expenditures to comply with the MGA. Key features of this profile are as follows:

- *Municipal Office/Audit/Insurance* – By 2022, each municipality must have an accessible municipal office open to the public 20 hours per week. New Haven-Riverdale has office space, which it rents for \$5,100 per year, but does not keep regular office hours. Afton's community centre already meets accessibility standards and can accommodate office space, but the other municipalities will have to lease space for office facilities.
- CAO hours will increase to 20 hours per week. Administrators in all five municipalities currently work significantly fewer hours.

- All municipalities currently have an audit or review. Bonshaw and Meadow Bank currently require reviews but will be required to have audits by 2020.
- While all municipal assets are currently insured, not all municipalities have professional liability and errors and omissions insurance, which the new MGA requires. Liability insurance will also be required for a public office.
- *Council Remuneration* – Only New Haven-Riverdale currently compensates its council members. With increased council responsibilities, some municipalities have indicated that remuneration would be proposed.
- *Full-Day Elections* – The new MGA requires municipalities to have an election office open for 42 hours. They must also provide 13 poll hours to support full-day elections. While the number of municipal electoral officers, returning officers, and poll clerks to be hired will depend on the number of polls required, MRSB estimates costs at \$2,500 to \$3,000 for elections every four years requiring an allocation of \$600 to \$700 to be set aside annually.
- *Planning/Bylaw Enforcement/Legal* – Municipalities must implement land use planning services by 2022. New Haven-Riverdale provides planning services through a committee of council. The new MGA does not permit council members to take on employee duties.
 - Costs of providing services on a contracted basis have been estimated based on an annual average of the volume of subdivision and permit applications the past three years, which are as follows:
 - Afton – 39 (45.3% of 86 total applications)
 - Bonshaw – 6 (7.0%)
 - Meadow Bank – 11 (12.8%)
 - New Haven-Riverdale – 10 (11.6%)
 - West River – 20 (23.3%).
 - Municipalities must review their official plans every five years. Based on advice from Stantec, whose staff have conducted plan reviews in PEI and other provinces, MRSB estimated the cost of each review at \$20,000, requiring each municipality to set aside \$4,000 annually.
- *Emergency Measures* – The MGA requires municipalities to prepare emergency measures plans by 2020 for which MRSB assumed a \$1,000 annual set aside.
- *Reserve for Capital Asset Replacement* – MRSB assumed an annual \$10,000 set aside for New Haven-Riverdale to cover future upgrades to their park and sports fields.
 - MRSB estimates municipal expenditures will increase by 68% for Afton to 266% for Meadow Bank, if the five West River municipalities continue to operate separately. MRSB estimates total expenditure by the five will rise to \$805,100 or by \$409,300 (103.4%).

Table 4-1 Estimated Additional Expenditures to Meet MGA Requirements, West River Group Municipalities

Description	Afton	Bonshaw	Meadow Bank	New Haven-Riverdale	West River	Total
Current Expenditures	\$159,500	\$22,700	\$34,500	\$70,600	\$108,500	\$395,800
Estimated Additional Expenditures						
Municipal Office/Audit/Insurance	\$30,000	\$33,800	\$63,100	\$26,000	\$42,000	\$194,900
Council Remuneration	-	-	\$2,100	-	\$5,000	\$7,100
Elections	\$700	\$600	\$700	\$600	\$700	\$3,300
Planning/Bylaw Enforcement/ Legal	\$73,000	\$15,000	\$21,000	\$23,000	\$37,000	\$169,000
Reserve for 5-year Official Plan Review	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$20,000
Emergency Measures	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$5,000
Reserve for Capital Asset Replacement	-	-	-	\$10,000	-	\$10,000
Total Additional Expenditures	\$108,700	\$54,400	\$91,900	\$64,600	\$89,700	\$409,300
Total Estimated Future Expenditures	\$268,200	\$77,100	\$126,400	\$135,200	\$198,200	\$805,100
% Increase	68%	240%	266%	92%	83%	103%

Source MRSB Consulting Services

4.2. Shared Service Agreements

All five West River Group municipalities have shared service agreements with the North River Fire Department, which are accounted for in the current expenditures line in **Table 4-1**, above. Shared service agreements can be extended to other services the MGA requires municipalities to add. Agreements would allow the municipalities to pool resources and ensure their more efficient use. While the per capita cost of employing a qualified land use planner will, for example, be considerable for a small community like Bonshaw with a population of 187, it should be reasonably manageable for the 3,154 residents of the five West River municipalities.

To assess the potential of shared service agreements, MRSB assumed the municipalities would continue to obtain fire protection from the private North River fire company at the current rate of \$0.075 per \$100 assessment. In addition, the consultants assumed shared service agreements would be established for land use planning and emergency measures planning with one municipality being the lead administrator and provider for each and the other four municipalities contracting to obtain their required share. MRSB assumed the service providing municipality would charge an administration fee of 4% to each client municipality.

The main features of the required arrangements would be as follows:

- A full-time planner/development officer would be hired by the municipality providing planning and development services at an estimated \$65,000 plus benefits
- The same municipality would contract by law enforcement based on MRSB's estimate of 19 days at \$1,000 per day for bylaw enforcement

- An annual reserve of \$5,000 would be set aside to cover legal fees related to planning (e.g., IRAC appeals)
- An annual reserve of \$2,500 per year would be set aside for preparation of an emergency measures plan for all five municipalities
- Each municipality would receive the planning credit component of the Municipal Services Grant as well as revenue from development and subdivision permits allocated as applicable from year-to-year.

Our total estimate of shared service agreement expenditures is \$105,600. Spread over the \$297.1-million assessment base of the five communities, a tax rate of \$0.04 per \$100 assessment value would be required to cover the cost (Table 4-2). Other costs would be the same as for separate municipalities set out in Table 4-1, above, as all remaining municipal features would be retained. Municipal plans would be required for each municipality as the PEI *Planning Act* defines an “official plan” as “a plan for a municipality” and does not provide for inter-municipal or regional planning documents. Emergency measures planning and processes to deal with emergencies can be handled collaboratively for all five municipalities, which is reflected in the more modest set annual aside (i.e., \$2,500 per year compared to \$5,000 per year for the five separate municipal units).

Table 4-2 Additional Shared Service Agreements Costs and Required Tax Rate, West River Group Municipalities

New Shared Service Agreements	Cost
Land Use Planning	
Planning/Bylaw Enforcement/Legal	\$99,000
Administration of land use planning (4%)	\$4,000
Emergency Measures Planning	
Emergency measures – annual reserve	\$2,500
Administration of emergency measures planning (4%)	\$100
Total estimated shared service agreement expenditures	\$105,600
Total assessment base	\$297,065,700
Tax rate per \$100 assessment to cover shared service cost	\$0.0356
Rounded to	\$0.04

Source MRSB Consulting Services

4.3. Regional Agency

The creation of a regional agency to deliver required services to the West River municipalities would offer economies of operation similar to shared service agreements with the benefit of coordination within the agency. Additional costs would however be incurred to administer a sixth corporate entity contributing to local service delivery.

We assume the regional agency would be co-located with one of the five municipal offices and would share administrative services with the municipality with which it shared space. We also assume the agency would contract with the North River Fire Department for fire protection on behalf of the five municipal units at the current rate of \$0.075 per \$100 assessment. The new regional agency would provide land use planning and emergency measures services to

the five municipalities. As the agency would be a separate entity from the municipalities, it would require its own annual audit.

The costs to support the required arrangements would be as follows:

- A full-time planner/development officer would be hired by the regional agency at an estimated \$65,000 plus benefits
- The agency would contract by law enforcement based on MRSB's estimate of 19 days at \$1,000 per day for bylaw enforcement
- An annual reserve of \$5,000 would be set aside to cover legal fees related to planning (e.g., IRAC appeals)
- The agency would set aside an annual reserve of \$2,500 per year for emergency measures for all five municipalities
- Each municipality would receive the planning credit component of the Municipal Services Grant as well as revenue from development and subdivision permits allocated as applicable from year-to-year.

Costs would be very similar to those estimated for shared service agreements, with the major variation being the cost of the additional audit. Our estimate of total regional agency expenditures is \$116,500. Although costs are \$11,000 more, the required addition to the tax rate of \$0.04 per \$100 is the same as for shared services when the rate is rounded (**Table 4-3**). As the five municipalities, would otherwise remain separate, all other costs would be the same as for shared service agreements.

Table 4-3 Regional Agency Costs and Required Tax Rate, West River Group Municipalities

Regional Agency Costs	Cost
Administration (office, administrator, audit, insurance)	\$15,000
Planning/Bylaw Enforcement/Legal	\$99,000
Emergency measures – annual reserve	\$2,500
Total estimated Regional Agency expenditures	\$116,500
Total assessment base	\$297,065,700
Tax rate per \$100 assessment to cover regional agency cost	\$.0392
Rounded to	\$0.04

Source MRSB Consulting Services

4.4. Amalgamation

The consultants assumed that amalgamation will involve all five West River Group municipalities (i.e., Afton, Bonshaw, Meadow Bank, New Haven-Riverdale, and West River). The amalgamated municipality would retain and maintain all community centres and other community assets. Any current community reserves would be designated for use by that community, as permitted by Section 155.3 of the MGA. We have assumed no debt in any of the five municipalities consistent with information provided to MRSB by each.

As with shared service and regional agency arrangements, the North River Fire Department can continue as the provider of fire protection services at the current rate of \$0.075 per \$100 assessment. We also assume that funding for Jobs for Youth, Heritage Canada, and the Gas Tax would be retained at current levels provided to the separate municipalities.

Other assumptions include:

- *Municipal Office/Audit/Insurance* – The amalgamated municipality would be expected to designate one administrative office for the municipality in one of the existing structures that it would assume from the predecessor municipal units.
 - All current part-time administrator/CAO positions would be converted into one full-time CAO receiving an estimated \$52,000 plus benefits annually.
 - Only one audit would be required for the amalgamated unit in contrast to three audits and two reviews required if the municipalities remain separate (four audits if a regional agency is created)
 - The five municipalities currently incur \$4,000 in expenditures for non-property related insurance. Based on consultation with an insurance agent, MRSB estimates that non-property related insurance costs will increase by \$1,500.
- *Council* – Council will consist of six councillors plus a mayor as required by Section 78.1 of the *Municipal Government Act*.
 - Councillors will be elected from six wards
 - Council would be compensated based on current New Haven-Riverdale policy (i.e., \$60 per meeting for the Mayor and \$50 per meeting for other council members)
- *Planning/Bylaw Enforcement/Legal* – The amalgamated municipality would hire a full-time planner/development officer for \$65,000 plus benefits.
 - The agency would contract by law enforcement based on MRSB's estimate of 19 days at \$1,000 per day for bylaw enforcement
 - An annual reserve of \$5,000 would be set aside to cover legal fees related to planning (e.g., IRAC appeals)
 - An official plan and bylaws would be created for the newly amalgamated entity and updated every 5 years requiring a reserve of \$5,000 per year.
- *Emergency Measures* – reserve of \$2,500 per year.

Additional costs are estimated at \$151,900, which represents considerable savings relative to the shared service and regional agency alternatives. As **Table 4-4** illustrates, while expanded shared services and establishment of a regional agency can provide moderate savings through more cost-effective provision of land use and emergency planning services (9.3% and 7.7% lower costs, respectively, in comparison to continuation of the separate municipalities), amalgamation will generate four to five times more savings than either alternative.

Reduced administration costs are expected to produce the most significant savings (Municipal Office/Audit/Insurance in **Table 4-4**). The options of increasing shared services or establishing a regional agency are expected to add to these costs; however, MRSB estimates amalgamation can reduce expenditure in the category by \$159,700 or 81.9%. Savings are attributable to replacement of multiple offices, administrators, council members, audits, and similar expenses with the reduction from five municipalities to one.

Table 4-4 Expenditure Comparison, Separate Municipalities, Additional Shared Services, Regional Agency, and Amalgamated Options, West River Group Municipalities

Description	Separate	Additional Shared Services	Regional Agency	Amalgamated
Current Expenditures	\$395,800	\$395,800	\$395,800	\$395,800
Estimated Additional Expenditures				
Municipal Office/Audit/Insurance	\$194,900	\$199,000	\$209,900	\$35,200
Council Remuneration	\$7,100	\$7,100	\$7,100	(\$900)
Elections	\$3,300	\$3,300	\$3,300	\$1,100
Planning/Bylaw Enforcement/Legal	\$169,000	\$99,000	\$99,000	\$99,000
Reserve for 5-year Official Plan Review	\$20,000	\$20,000	\$20,000	\$5,000
Emergency Measures	\$5,000	\$2,500	\$2,500	\$2,500
Reserve for Capital Asset Replacement	\$10,000	\$10,000	\$10,000	\$10,000
Total Additional Expenditures	\$409,300	\$340,900	\$351,800	\$151,900
Total Estimated Expenditures	\$805,100	\$736,700	\$747,600	\$547,700
Savings from Separate	-	\$68,400	\$57,500	\$257,400
% Savings from Separate	-	9.3%	7.7%	47.0%

Source MRSB Consulting Services

4.5. Required Tax Rates

For residents, the need for additional expenditures will be felt in terms of increased tax rates and higher tax bills. Tax rates are set at the level required to cover expenditures less non-tax revenues (e.g., permits and fees, sale of services, rental, revenue sharing from the Province) Non-tax revenues expected for the five municipalities are shown in **Table 4-5**. MRSB anticipates revenues will remain the same for an amalgamated municipality.

If the municipalities stay separate, they will incur varying shortfalls. The impact will be much greater for smaller municipalities with more modest tax bases. MRSB expects Bonshaw to see a very large tax rate increase from its current \$0.16 per \$100 to \$0.56 per \$100. Meadow Bank is expected to more than triple from \$0.10 per \$100 to \$0.34. MRSB estimates that Afton, the largest of the five municipalities, will need the smallest increase, rising from \$0.12 per \$100 to \$0.17 per \$100.

Table 4-5 Estimated Potential Municipal Property Tax Rates, West River Group Municipalities

Description	Afton	Bonshaw	Meadow Bank	New Haven-Riverdale	West River	Amalgamated
Total Estimated Revenues – Excluding Property Tax	\$25,700	\$10,600	\$6,300	\$9,700	\$18,700	\$71,000
Less Total Estimated Expenditures	\$268,200	\$77,100	\$126,400	\$135,200	\$198,000	\$536,700
Shortfall	(\$242,500)	(\$66,500)	(\$120,100)	(\$125,500)	(\$179,300)	(\$465,700)
Total Assessment Base	\$139,137,900	\$11,878,100	\$34,949,300	\$34,686,400	\$76,414,000	\$297,065,700
Tax Rate Required	\$0.17	\$0.56	\$0.34	\$0.36	\$0.24	\$0.16

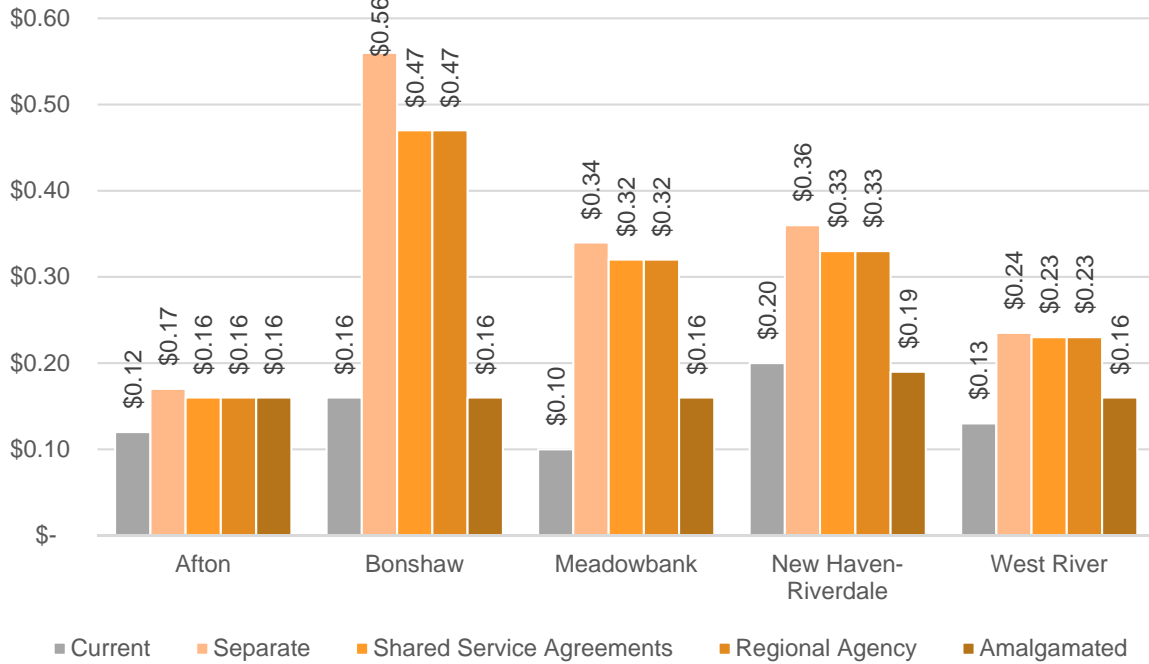
Source MRSB Consultants

Conversely, amalgamation will benefit the smaller municipalities significantly by moderating the required tax rate increase. In the amalgamated scenario, MRSB estimates the required tax rate will be \$0.16 per \$100 for residents of the current municipalities of Afton, Bonshaw, Meadow Bank, and West River. We have assumed residents in New Haven-Riverdale will keep the black fly control program for their area, which currently costs their municipality approximately \$0.03 per \$100, and will require a higher rate within the amalgamated municipality of \$0.19 per \$100.

MRSB estimates the tax rate under amalgamation will be higher than current rates in Afton, Meadow Bank, and West River (**Figure 4-1**). The rate will be slightly lower in New Haven-Riverdale and essentially the same in Bonshaw. Overall, however, rates will change moderately despite substantially increased municipal responsibilities.

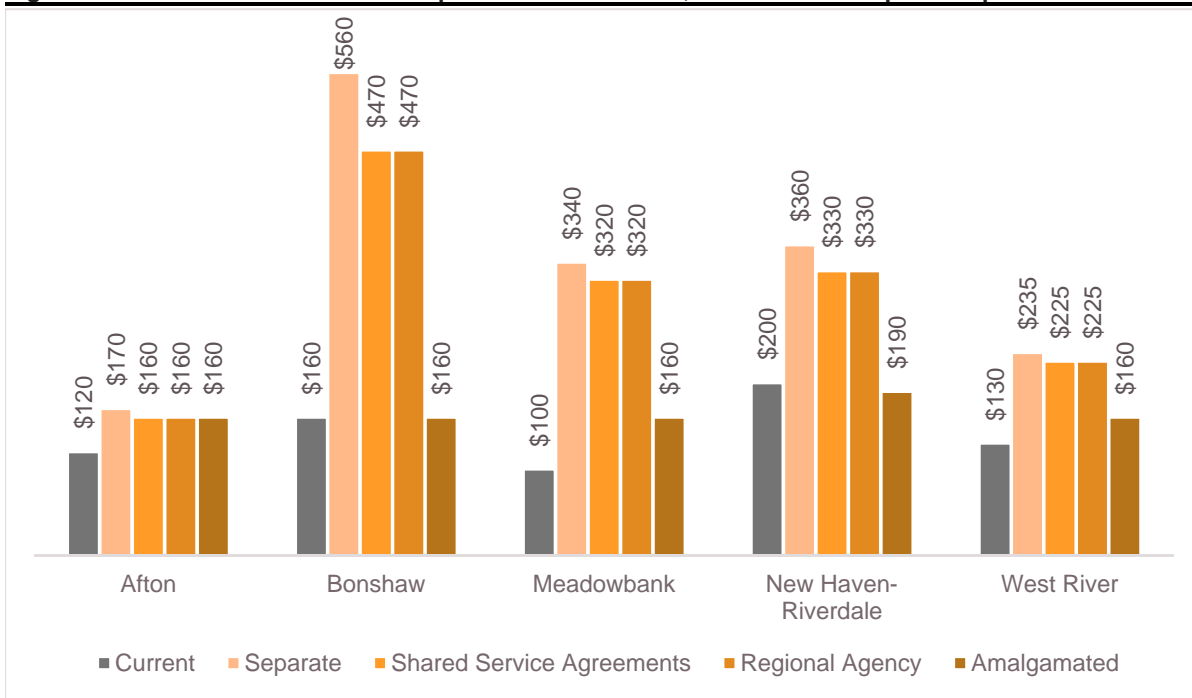
Tax rates translate into tax bills shown in **Figure 4-2**. The chart indicates that Afton taxpayers will be relatively unaffected regardless of the restructuring approach taken. Residents of the other four municipalities, however, can avoid significantly higher bills through amalgamation.

Figure 4-1 Estimated Future Tax Rates, West River Group Municipalities



Source MRSB Consulting Services

Figure 4-2 Estimated Future Tax Bills per \$100 Assessment, West River Group Municipalities



Source MRSB Consultants

5. Moving Forward

If the West River Group municipalities choose to remain separate, they will face no immediate pressure to change. Each municipality can deal with the services for which it is responsible under the new MGA as it sees fit, recognizing that the Province has set a timeline for compliance with key specifications. The municipalities may enter into shared service arrangements or create a separate agency to deliver services whenever they consider those options to be advantageous. Shared service arrangements and/or a regional agency can involve any two municipalities, all five West River Group municipalities, or additional municipalities outside the Group.

Amalgamation will have an added dimension. The Province must approve the creation of a new municipality. The procedure to do so is enabled by the MGA. The process must be managed by the Island Regulatory and Appeals Commission (IRAC), which will make a recommendation to the Lieutenant Governor in Council considering the application to amalgamate and objections to the application, if any, from other municipalities, First Nations, and members of the public.

5.1. Recommendation

The Working Group with which the consultants have collaborated on the Growth Management Study identified four areas in their terms of reference they required the consultant to address: The following summarizes each area and the consultants' findings:

1. *Examine the individual priorities of each West River municipality and how these priorities could be included in a future larger municipality.*

The stated goal of the West River municipalities in their terms of reference "is to maintain a rural community." Representatives of all five municipal units and their residents frequently emphasized this priority during consultations for the Growth Management Study.

Union of the five West River Group members, into a larger municipality should reinforce this shared objective. The Mayor and Council of the amalgamated municipality will be able to speak with one voice to residents and the Province of PEI. Amalgamation should also coordinate the use of human resources and municipal assets for the benefit of the communities, and, eliminate duplication where appropriate. Finally, planning for the enlarged area will allow residents of all five current municipalities to document their commitment to preservation of their rural character.

2. *Assess how a future amalgamated community might work in the best interests of the residents of each West River municipality.*

Stantec and MRSB consulted community stakeholders and residents through individual interviews and public meetings. A broad consensus in favor of amalgamation was apparent with citizens citing benefits such as improved land use control, coordination of services, and cost savings. With respect to the last point, financial analysis by MRSB determined that, because the MGA requires individual municipalities to have their own municipal offices and CAOs, an amalgamated municipality should be significantly less costly to operate than five separate municipal units.

3. *Identify a suitable municipal structure that meets the ongoing needs of West River residents.*

While a vocal minority argued strongly for the West River municipalities to resist the requirements of the new MGA, most individuals consulted expressed support for amalgamation to deal with the new service responsibilities as cost-effectively as possible. Amalgamation should allow smaller municipalities in the West River Group to avoid large tax rate increases. While our financial analysis suggests the largest municipality, Afton, can operate as cost effectively on its own, its residents will benefit from improved access to the assets of other West River Group members and an enhanced position within the fifth largest municipality in PEI.

4. *Provide recommendations on next steps in pursuit of the structure identified.*

We recommend the West River Group municipalities ~~should~~ pursue their amalgamation based on all three preceding points but particularly on the wishes of community members consulted through the consultation process undertaken for this assignment.

To do so, the West River Group must apply for the approval of the Province of PEI to create a new municipality. IRAC manages the process. As discussed following, the timeframe for approval will vary from 120 days or roughly four months to a year or longer.

5.2. Transition Timelines

Table 5-1 sets out in detail the timelines for implementing the requirements of the new MGA. Half the dates in the table have already been reached. The Provincial Legislature proclaimed the Act on December 23, 2017, consistent with the table. At that time, municipalities were obliged to conform with broad ranging immediate requirements of the Act.

This year (2018), marks the transitioning of municipalities from a calendar-based fiscal year to the standard April 1 to March 31 fiscal year used by senior governments in Canada. The current fiscal year will be extended to 15 months to end on March 31, 2019. The next fiscal year will be the first in which PEI municipalities maintain financial records within the new timeframe.

Table 5-1 Transition Timelines for New *Municipal Government Act*, PEI

Dec/ 2017	MUNICIPAL GOVERNMENT ACT (MGA) PROCLAIMED	<p>PROCESS REQUIREMENTS (IMMEDIATE)</p> <ul style="list-style-type: none"> ✓ Follow new conflict of interest guidelines ✓ Designate a municipal office (a civic address where the municipality communicates and interacts with the public for first 5 years, can be location currently in use) ✓ Schedule six regular council meetings per year ✓ Meet immediate requirements (running of meetings, notice of meetings, records, register of bylaws and resolutions, etc.) ✓ Ensure no council members performing employee duties (current members acting as employees may continue in both roles until November 2018 elections) ✓ Ensure bylaws in place if offering a service or undertaking activities such as: <ul style="list-style-type: none"> • Having tax rate groups (commercial & non-comm.) • Having reserve funds • Borrowing funds • Charging fees • Providing grants • Establishing a tourism accommodation levy • Providing remuneration to council • A change to council size is desired (byelection) • Operating a public utility • Sharing services with another municipality • Doing by law enforcement with tickets • Providing animal control • Dealing with matters of noise, nuisance, or property maintenance. • Regulating cosmetic pesticides <p>✓ Follow new procedures (see fact sheets and MGA for more detail)</p> <p>✓ Notify Tax Rate Commissioner by Dec. 31, 2017 if changing tax rate groups for next calendar year</p>
Jan/ 2018	NEW FISCAL YEAR STARTS	<p>FINANCIAL REQUIREMENTS (DATES DUE) 15-month fiscal year January 1, 2018 – March 31, 2019</p> <ul style="list-style-type: none"> ✓ PUBLIC MEETING: Not less than 2 weeks before 2018/19 Financial Plan adoption ✓ MAR. 31: Adopt 2018/19 Financial Plan (operating and capital budgets), establish tax rates
Mar 31/ 2018	ADOPT CAPITAL AND OPERATING BUDGETS	<ul style="list-style-type: none"> ✓ APR. 15: Submit Financial Plan to Minister ✓ JUN. 30: Receive reviewed/audited 2017 Financial Statements <ul style="list-style-type: none"> • Review engagement (budgeted expenditures of \$50,000 or less) • Full financial audit (budgeted expenditures of \$50,000 or more) ✓ JUL. 15: Submit 2017 Financial Statements and Municipal Financial Information Return (MFIR) ✓ JUL. 31: Make 2017 Financial Statements public
Jan/ 2018	NEW FISCAL YEAR STARTS	<p>FINANCIAL REQUIREMENTS (DATES DUE) 15-month fiscal year Jan. 1, 2018 – Mar. 31, 2019</p> <ul style="list-style-type: none"> ✓ PUBLIC MEETING: Not less than two weeks before 2018/19 Financial Plan adoption ✓ MAR. 31: Adopt 2018/19 Financial Plan (operating and capital budgets), establish tax rates
Mar 31/ 2018	ADOPT CAPITAL AND OPERATING BUDGETS	<ul style="list-style-type: none"> ✓ APR. 15: Submit Financial Plan to Minister ✓ JUN. 30: Receive reviewed/audited 2017 Financial Statements <ul style="list-style-type: none"> • Review engagement (budgeted expenditures of \$50,000 or less) • Full financial audit (budgeted expenditures of \$50,000 or more) ✓ JUL. 15: Submit 2017 Financial Statements and Municipal Financial Information Return (MFIR) ✓ JUL. 31: Make 2017 Financial Statements public
Nov 5/ 2018	CONDUCT ALL-DAY MUNICIPAL ELECTIONS	<p>ELECTION REQUIREMENTS (DATES DUE)</p> <ul style="list-style-type: none"> ✓ MAY 14: Appoint Municipal Electoral Officer and Deputy MEO ✓ JUL. 30: Election bylaws (voters' list, contributions and spending, council size*, advance polls, wards*, alternative voting methods*) ✓ OCT. 5: Notice of Nominations ✓ OCT. 9: Election office open ✓ OCT. 10-19: Nomination period ✓ OCT. 24: Notice of Election Information ✓ NOV. 3: Advance poll complete <p style="text-align: right;">*if applicable</p>
Dec/ 2018	ONE YEAR LATER (ADOPT BY)	<p>BYLAWS:</p> <ul style="list-style-type: none"> • Procedural • Conflict of Interest • Council Code of Conduct • Access to Information and Protection of Privacy • Records Retention and Disposition • Procurement (regulation to include due date) <p>✓ Code of conduct POLICY for employees</p>

Source Province of PEI, adapted by Stantec Consulting Ltd.

Later this year, municipalities will be required to prepare for the first round of municipal elections under the new MGA. All municipal elections will take place on November 5, the first Monday in November. As noted above, the Act specifies all-day elections and related procedures that it has standardized for all municipalities.

While new financial requirements and election procedures will add moderately to municipal costs, service responsibilities that will affect municipalities most significantly will be required in subsequent years as listed in the black-shaded box on the right side of the table. Municipalities must deal with additional financial requirements in 2019 and 2020 (i.e., five-year capital plan, asset management strategy, and full audit), and must address emergency management by 2020. Municipalities do not however have to implement office hours in an accessible building or provide land use planning services until 2022. These requirements incur the bulk of additional costs imposed by the new Act (see **Table 4-4**, above).

5.3. Requirements for Amalgamation

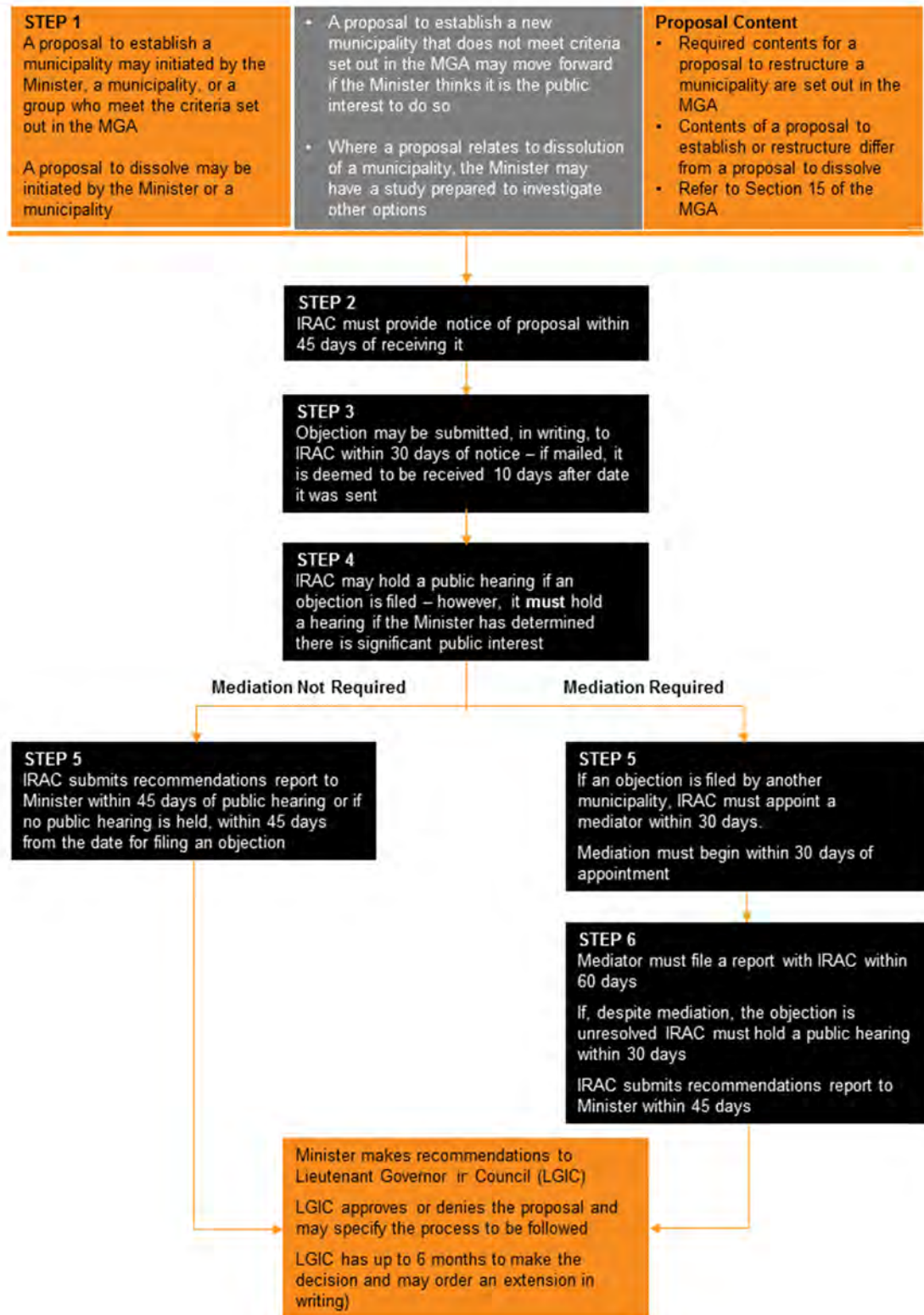
Part 2 Division 1 of the MGA sets the framework for establishing and restructuring municipalities in PEI. The steps illustrated in **Figure 5-1**, reflect requirements beginning at Section 15 of the Act, which applies to the formation of a new municipality in PEI or the “restructuring” of an existing municipality or municipalities.

5.3.1. Legislation

The West River municipalities will initiate the process (Step 1) by submitting a written restructuring proposal to the Minister of Communities, Land and Environment. The contents of a proposal must include the following pursuant to Section 15(5) of the Act:

- (a) a statement that the proposal is
 - (i) to establish a new municipality,
 - (ii) to restructure an existing municipality, or
 - (iii) to dissolve a specified municipality;
- (b) the reason for the proposal;
- (c) the name of each adjoining municipality or unincorporated area, and any other municipality or unincorporated area that, in the opinion of the person or persons initiating the proposal, may be affected by the establishment, dissolution or restructuring of the municipality;
- (d) where the proposal is to establish a new municipality or restructure an existing municipality,
 - (i) the estimated population of the proposed municipality,
 - (ii) the estimated total property assessment value of the proposed municipality,

Figure 5-1 Process Diagram to Establish a New Municipality, Province of PEI



Source Province of PEI, adapted by Stantec Consulting Ltd.

- (iii) a map depicting, in detail, the new boundaries being proposed,
 - (iv) the class of the proposed municipality in accordance with section 11,
 - (v) the name of the proposed municipality,
 - (vi) the services to be provided by the proposed municipality, and
 - (vii) a list of all the existing or proposed capital assets of the proposed municipality, including infrastructure;
- (e) where the proposal is to dissolve a specified municipality, a plan for the winding up of the municipality, including the sale or transfer of the assets and payment of the debts and obligations of the municipality; and
 - (f) the name of the representative of the petitioning electors if the proposal is initiated by persons under clause (1)(c).

5.3.2. Amalgamation Proposal

The proposal (STEP 1 in **Figure 5-1**, above), should the West River Group municipalities choose to amalgamate, will be to restructure the five existing municipalities to create a new municipal unit. It must satisfy the specifications of Section 15(5) set out in the preceding subsection. Estimates of population and assessment for the new municipality, and lists of capital assets in each municipality have been presented above in this report. Mapping created by Stantec for this project can provide the base for the required map of the amalgamated unit.

We expect the amalgamated municipality will be designated as a rural municipality as it will fall short of the 4,000-person population threshold set for designation of a town. The name of the new municipal entity has not been chosen. It may be advisable for the member municipalities of the West River Group to consider potential names and poll residents to determine their preference either through an online survey or a plebiscite.

The services to be provided by the amalgamated municipality will presumably be the three mandated by the MGA – fire protection, municipal planning, and emergency measures planning – plus the black fly control program to be retained for New Haven-Riverdale. Plans for winding up the current municipalities should be elementary given that the new municipality will assume all assets and our understanding that none of West River Group municipalities has any debt or substantial reserves. Planning for the disposition and management of municipal real property after completion of the amalgamation process will be desirable and is a normal component of the municipal planning process.

Notification should be provided to the Town of Cornwall and the Rural Municipalities of Clyde River and Kingston, which adjoin municipalities in the West River Group. Representatives of the Rocky Point Indian Reserve in Afton should also be informed, as should residents of unorganized areas that abut the western limits of New Haven-Riverdale, Bonshaw, and West River.

5.3.3. Approval

On receipt of a proposal for municipal restructuring, IRAC must provide public notice of the application (STEP 2). “Any person” may object to the proposal in writing within 30 days of posting of the notice (STEP 3).

The Act does not require IRAC to hold a public hearing (STEP 4); however, the Commission may hold a hearing if an objection is filed or if the Minister deems a hearing to be in the public interest. A compulsory public hearing may also be required in the event of a failure to resolve a dispute through mediation (STEP 6). If mediation is not needed, IRAC must prepare a recommendation report within 45 days following the public hearing or, if a public hearing is not held, within 45 days of the last day for filing an objection.

Mediation (STEP 5 on the right side of the chart) is required if a *municipality* objects to the restructuring proposal. It does not apply to objections by individuals or non-municipal organizations. It is assumed that the West River Group municipalities will only proceed with amalgamation involving willing participants and adjoining municipalities will not object to the initiative. In the unexpected event that a municipality raises an objection, the Province will appoint a mediator who under Section 15(7) of the MGA must begin the mediation process within 30 days and must file a report no later than 60 days following the commencement of mediation. Costs of mediation are to be shared between the municipality or municipalities filing the proposal and the objecting municipality or municipalities, unless the mediator decides that an unequal division of costs is justified.

If the mediator cannot resolve the basis for objection, the Act requires IRAC to hold a Public Hearing at which any person the Commission considers may be affected by the proposal will be permitted to speak. IRAC must produce a report containing findings and recommendations within 45 days after the Public Hearing.

If no municipality objects or following resolution of any objection through the prescribed mediation process, or, if IRAC recommends that the proposal proceed after its deliberation, the proposal supported by IRAC’s report is forwarded to the Minister who makes recommendations to the Lieutenant Governor in Council. The Lieutenant Governor in Council has six months to approve or deny the proposal.

The timeframe for approval will vary depending on whether mediation is required. If no other municipality objects and neither mediation nor a public hearing is required, the maximum time for approval following the filing of a proposal with IRAC will be 120 days or roughly four months. If mediation must be undertaken, the maximum timeframe will be up to 330 days plus the time required to schedule and hold as many as two public hearings, potentially raising the overall time requirement to more than a year.

5.4. Final Considerations

This report and related postings on the project website (<https://westrivergrowth.wordpress.com/>) are the final outputs of the Municipal Growth Management Study process for which Stantec and MRSB are responsible. As noted, the West River Group will hold a round of simultaneous local meetings for residents of each member municipality on September 11. The consultants will not be involved in any of these sessions, which will allow each

municipality to work with its residents to determine their position on our recommendation.

The Group and its member municipal units may wish to hold further consultations after September to help with their assessment of our recommendation for amalgamation. Should the municipalities choose to pursue our recommendation, one or more of the West River municipalities may wish to hold a plebiscite to give residents an opportunity to vote for or against amalgamation. According to Section 63(1) of the *Municipal Government Act*, “[a] council may conduct a plebiscite to obtain the public’s opinion on any matter over which the municipality has jurisdiction.” Division 13 of the Act sets out other provisions concerning the conduct of plebiscites, including Section 63(4), which states that the results of a plebiscite are non-binding.



Design with community in mind