MUNICIPAL VIABILITY SELF-ASSESSMENT TOOLKIT

FEDERATION of PRINCE EDWARD ISLAND MUNICIPALITIES

Municipal Viability Self-Assessment Toolkit

Prepared by CBCL Limited and HEMSON Consulting Ltd.

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This toolkit was prepared for FPEIM by CBCL Limited in association with HEMSON Consulting Ltd.

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Introduction

Prince Edward Island's communities are desirable places to live, full of natural beauty, charm, and welcoming character. However, many of the island's communities are facing challenges that require careful planning to ensure long term sustainability.

Background

In 2009, the provincially appointed Commission on Land and Local Governance released a report entitled New Foundations. The report identified a number of land use and local governance challenges facing Prince Edward Island and made recommendations on how to address these challenges.

An area of particular concern identified in the report is the sustainability/viability of the Province's municipalities. There are 75 municipalities in Prince Edward Island. However, they provide services within just 30% of the island's area. Moreover, a significant number of these municipalities are unable either to provide adequate land use planning or to offer their communities adequate levels of service.

A major reason for the inability of municipalities in Prince Edward Island to plan and provide services is their size. Municipalities on the island have very small populations compared to others in Canada. Small populations and small local economies mean small property tax bases and therefore limited municipal revenue to provide the infrastructure, services and amenities that citizens need and desire. Plans to manage the use of land in a sustainable way are often constrained. In fact, in unincorporated areas and in 44 of the island's 75 municipalities, there is no land use plan and/or bylaws to control zoning and development at all. The result in many communities is that development has taken place in the absence of adequate protection of farmland and environmentally sensitive areas and sometimes inadequate consideration of neighbouring land uses. Of special concern is the rate of unserviced development on the island , which without proper management can cause environmental and human health concerns. Of the island's 75 municipalities, 14 offer sewer services only, 12 offer both sewer and water services, and 1 offers only water.

To address the issue of municipal sustainability/viability, the Commission recommended:

> "That the provincial government, through a process of public information and consultation determine the consensus of Islanders in relation to the incorporation of some or all of the province into municipalities having a population and tax base sufficient to provide effective and sustainable local governance on matters which are local in scope."

The Commission also recommended that the provincial government consult with the Federation of Prince Edward Island Municipalities on a number of issues relating to municipal governance and administration. The Federation has for many years advocated for strong local government throughout the island. Building on the Commission's recommendation, the Federation is providing municipalities with this "Municipal Viability Self-Assessment Toolkit". The toolkit will allow Municipal Councils to evaluate the viability of their municipality and take steps, if necessary, to improve local government.

What Is Municipal Viability?

Municipal government has become increasingly important in everyday life. Municipalities play a vital role in establishing the foundations for successful communities. By providing services, they play a signi□cant role in attracting and retaining businesses. The wide range of services municipalities provide, such as cultural and recreational activities, safe drinking water, and the stewardship of land, has an enormous in□uence on the quality of life in a community.

The needs and desires of modern communities have changed in recent years. Concerns about patterns of development, loss of farmland, and degradation of the environment, as well as increased demands for new and better local services have placed local governments at the forefront of community development often without su□cient funding and human resources. The ability of municipalities to address these demands and concerns can be limited. Providing services can be costly and the ability of municipalities to raise the revenue necessary to cover service costs is limited.

Viability in the municipal context speaks to the ability of municipal governments to meet the current and future demands of the local community so that the economic, social, and environmental well-being of communities remains healthy and secure for future generations.

How To Complete The Self-Assessment Toolkit

This toolkit is intended to assist municipalities in Prince Edward Island to determine if they are sustainable and, if not, to provide and evaluate options for improving their viability. Completing the toolkit exercise is not an end in itself; it is one step in a process to review and improve local government in the community. To get the most out of the toolkit, the process must be followed by action.

The toolkit is comprised of four steps. By completing each step, your municipality will gain an in-depth understanding of important issues facing your community. After the completion of each step, further options on how to proceed in a logical way are presented. Step One of the toolkit is a simple scorecard that will provide you with a snapshot of where your municipality stands. In Step Two, you will collect more in-depth information to assess sustainability/viability challenges. The assembled information from Step Two can later be used should you approach partners about service agreements or restructuring/amalgamation. Step Three summarizes various options for improving municipal sustainability and provides a guide to evaluating the suitability of each option given your situation. Step Four provides guidance on which route forward would best serve your municipality.

Step One	Creating a Sustainability Snapshot
Step Two	Analyzing the Situation
Step Three	Developing Long Term Sustainability Options
Step Four	Choosing a Route Forward

Each step will require di□erent types of response, including:

- multiple choice answers;
- supplying background information about your municipality; and,
- more detailed written responses.

Who Should Be Involved?

When completing the toolkit, municipalities may choose to involve a wide range of stakeholders in a formal process. Alternatively, a more informal process involving Council members and/or key community stakeholders may be preferred. Regardless of the actual process, the toolkit is designed to be completed collaboratively.

The toolkit will guide you in assessing whether or not your municipality is currently sustainable, whether it can sustain the municipality's current level of services in the future, and what changes should be considered.

Step One: Viability Snapshot

Creating a viability snapshot - Understanding your municipality's position

This initial self-analysis tool enables you to gauge your municipality's strengths and better understand its challenges. A scoring system is used to evaluate where things are working well and where there is room for improvement. This checklist is not intended to provide an exact picture of your municipality's overall long term viability. Rather is it is meant to start a conversation and promote a dialogue.

Step Two: Viability Analysis

Analyzing the situation - Reviewing your municipality's features

This section contains more detailed questions about your municipality. It will help you further understand the geography, current services, organization and nances of your municipality. Using this section will enable you to further assess both the current level of sustainability and future viability prospects. By collecting and recording this information, your municipality will have substantial information that can be provided to other municipalities with which you may want to enter into partnerships or which you may want to approach for possible amalgamation in the future.

Step Three: Viability Options

Developing long term viability options

In this section, you will assess both the current level of sustainability and future viability prospects. This section then goes on to summarize various options for improving municipal vibility and provides a guide to evaluating each option given your situation.

Step Four: Route Forward

Choosing a route forward and starting the process

This step helps you move from the evaluation of di□erent sustainability options to a discussion on which route forward would best serve your municipality. It contains a “roadmap” for □nding the information you need and a process you need to follow to initiate broader dialogue on the long term viability of your municipality.

Creating a Viability Snapshot

Understanding Your Municipality's Position

Introduction

This initial self-analysis tool enables you to quickly gauge your municipality's strengths and understand its challenges. A scoring system is used to evaluate where things are working well and where there is room for improvement. This checklist is not intended to provide an exact picture of your municipality's overall long term viability. Rather, it is meant to allow you to quickly determine whether you need to look more deeply at municipal sustainability issues in your community

Part 1 - Population

Why This Is Important

Looking at population data provides a snapshot of your municipality's current residents and shows you what the trends have been over time with regards to age structure, loss or gain of population as well as mobility and employment.

General Population Growth

What was the overall population change between the most recent census and the previous census?

**If you do not know how your municipality's population has changed between censuses, use your best judgement when selecting how your community scores.*

	Scoring
Increased by 7% or more	10
Increased by less than 7%	5
Stayed the same, 0%	0
Decreased by less than 10%	-5
Decreased by between 10% to 20%	-10
Decreased by more than 20%	-20

Population Growth of Children and Youth

What was the change in the number of children and youth under 19 years between the most recent census and the previous census?

**If you do not know how your municipality's children and youth population has changed between censuses, use your best judgement when selecting how your community scores.*

	Scoring
Increased by 10% or more	10
Increased by less than 10%	5
Stayed the same, 0%	0
Decreased by less than 10%	-5
Decreased by 10% or more	-10

Population Growth of Seniors

What was the change in the number of seniors (citizens aged 65 years and older) between the most recent census and the previous census?	Scoring
No change / a decrease	5
Increase less than 5%	0
Increase from 5% to 10%	-5
Increase more than 10%	-10

Population Mobility

How many people have moved into your community between the most recent census and the previous census (as a percentage of your total population)?	Scoring
More than 7%	10
Between 2% and 7%	5
Between 0% and 2%	0

Employment

What is the current unemployment rate in your community?	Scoring
More than 5% above provincial average	10
Between 1% and 5% above provincial average	5
Plus/Minus 1% of provincial average	0
Between 1% and 5% below provincial average	-5
More than 5% below provincial average	-10

SUB-TOTAL POPULATION SCORE

Please total your scores recorded for the previous five indicators.	Score
General Population Growth	
Population Growth of Children and Youth	
Population Growth of Seniors	
Population Mobility	
Employment	
TOTAL POPULATION SCORE	

How To Use This Information

The information collected on your municipality's population is useful because a growing population with many young children and youth with a low unemployment rate, in a municipality that attracts new residents is typically an indicator for a strong local economy. Vice-versa, a shrinking and aging population can indicate challenges for the long-term sustainability.

If your municipality scores well below 0 in this section you may be experiencing sustainability issues with your population. If your municipality scores well above 0, you can interpret this as a confirmation that you have a stable and sustainable population. If your score is just above or below 0, the scores will give you an indication where things are working well, and where further analysis might be beneficial.

Part 2 - Tax Base Stability

Why This Is Important

Trends in municipal assessment a□ect the revenue raising potential of your municipality. A stable and adequate tax base indicates your municipality's ability to raise su□cient revenue to deliver services at a cost that residents can a□ord.

Councils are responsible for the □nancial management of PEI municipalities. They determine the tax rate required to raise revenue to pay for municipal services. They are required under the *Municipalities Act* to establish annual budgets and cannot plan to run de□cits. They must submit budgets and □nancial statements to the Minister annually. Councils may borrow to provide services as long as they do not incur debt to an amount in excess of 10% of the assessed value of property in the municipality.

Reviewing this information will help you to understand if your tax assessment base is growing or shrinking. It will also help you to understand if your tax revenue is stable. If your tax revenue depends on one large industry, a possible closure could wreak havoc with your municipality's □nances. If your tax revenue depends on a diverse range of smaller industries, the closure of one business or sector will not cause the bottom to fall out of your municipal □nances.

Change in Total Municipal Assessment

What has been the change in total municipal assessment (commercial and non-commercial in the last 5 years?	Scoring
Increase by 10% or more	10
Increase by less than 10%	5
Stayed the same	0
Decrease by less than 10%	-5
Decrease by 10% or more	-10

Change in Commercial Assessment

What has been the change in commercial assessment from 5 years ago?	Scoring
Increase by 10% or more	10
Increase by less than 10%	5
Stayed the same	0
Decrease by less than 10%	-5
Decrease by 10% or more	-10

Growth in Commercial Assessment as Part of Total Assessment

Has commercial assessment grown as a percentage of total assessment from 5 years ago?	Scoring
Increase	5
More or less the same	0
Decrease	-5

Dependency on Single Rate Payer

Does the largest single ratepayer account for more than 20% of total municipal revenues?	Scoring
No	0
Yes	-5

Stability of Single Rate Payer

If yes to the previous question, how stable is this source of revenue?	Scoring
Very secure	5
Potential to downsize/leave community in 10 years	3
Downsizing occurred/could leave community in 5 years	-3
Could leave community any time	-5
Not applicable	0

Tax Bill per Residential Unit

How has the average tax bill per residential unit changed from 5 years ago?	Scoring
Decrease or increase by less than 10%	5
Increase 10% to 20%	0
Increase more than 20%	-5

SUB-TOTAL TAX BASE STABILTY

Please total your scores recorded for the previous six indicators.	Score
Change in Total Municipal Assessment	
Change in Commercial Assessment	
Growth in Commercial Assessment	
Dependency on Single Rate Payer	
Stability of Single Rate Payer	
Tax Bill per Residential Unit	
TOTAL TAX BASE SCORE	

How To Use This Information

The information collected above is useful because a diverse tax base indicates how your municipality may cope with trends in speci□c sectors – a tax base that is dependent on a single, potentially unstable tax revenue source may not be viable in the long-term. Growth in commercial assessment is another indicator of community vitality because it shows that your municipality may be attracting new business and likely new residents.

If you have a score totaling well below 0 for this section, the revenue raising potential of your municipality may be at risk. A score well above 0 indicates a stable tax base. If your score is just above or below 0, the scores in Part 2 will give you an indication where things are working well, and where further analysis might be bene□cial.

Part 3 - Municipal Financial Management

Why This Is Important

Municipalities with a strong financial foundation are able to provide services that rate payers desire and at a cost that ratepayers are willing to shoulder. A strong financial position also enables a municipality to set tax rates that are competitive and can attract new businesses and residents. Low tax rates as a result of strong municipal finances can therefore directly translate into growth.

General Government Expenditures

What percentage of annual expenditures is spent on general administration?	Scoring
Less than 15%	10
15% to 20%	0
More than 20%	-10

Debt Payments

What percentage of annual expenditures is spent on servicing municipal debt (principal and interest)?	Scoring
Less than 2%	10
2% to 4%	0
More than 4%	-10

Borrowing Capacity Remaining

How much borrowing capacity does your municipality have available?	Scoring
More than 50% of municipal debt limit available	0
Less than 50% of municipal debt limit available	-5
Debt limit reached/exceeded	-10

Value of Reserve Fund

The full value of the reserve fund represents what percentage of annual expenditures?	Scoring
More than 10%	10
5% to 10%	0
Less than 5%	-10
Do not have reserve fund	-20

Reserve Fund Policy

Is there a reserve fund policy or bylaw in place?	Scoring
Yes	5
No	-5

Financial Reporting

Does your municipality have the ability to complete □nancial reporting?	Scoring
Yes	5
No	-5

SUB-TOTAL MUNICIPAL FINANCIAL MANAGEMENT

Please total your scores recorded for the previous six indicators.	Score
General Government Expenditures	
Debt Payments	
Borrowing Capacity Remaining	
Value of Reserve Fund	
Reserve Fund Policy	
Financial Reporting	
TOTAL MUNICIPAL FINANCE SCORE	

How To Use This Information

The information collected in Part 3 helps you to assess whether your municipality provides e□ective □nancial management. The ability to maintain □nancial reserves translates into □exibility to deal with changing external conditions that may impact on your municipality's overall prospects.

If you have a score totaling well below 0 for this section, the □nancial strength of your municipality may be at risk. A score well above 0 indicates that your □nancial management is operating e□ectively. If your score is just above or below 0, the scores in Part 3 will give you and indication where things are working well, and where further analysis and e□orts might be bene□cial.

Part 4 - Environment and Planning

Why This Is Important

Adequate land use planning protects the environment, reduces conflicts between neighbours, and protects human health and safety. Land use planning and bylaws control the zoning and development of land. Without municipal planning regulations, development often takes place in the absence of adequate protection of farmland and environmentally sensitive areas.

The ability to create Official Plans and Zoning Bylaws is given to municipalities by the *Planning Act*, and are the tools with which adequate land use planning can be carried out. An Official Plan sets out a municipality's general policies for future land use. Local government develops an Official Plan through consultation with the citizens of the municipality who help to ensure that future development will meet the community's needs. The Plan deals with issues such as location of new housing, industry and commercial offices as well as identifying essential services such as roads, sewers, parks and schools. These policies are implemented in a Zoning Bylaw that provides for the day-to-day administration and details of the land use policies established in the Official Plan.

Essentially, adequate land use planning ensures that undesirable development does not occur, and that municipalities are not burdened with the future cost of providing services to land developments carried out in an ad-hoc fashion. Planning also reduces potential conflicts, where, for example, an industrial use is placed immediately adjacent to a residential development with no provision for setbacks or screening that would reduce nuisances such as noise or odours. Adequate planning also prevents a municipality from having to mitigate the environmental impact, such as negative impacts on water supply, of such developments.

Age of Official Plan and Land Use Bylaws

Does our municipality have an O□cial Plan and Land Use and Development Control Bylaws and when were they last updated?	Scoring
Less than 5 years ago	10
Less than 10 years ago	5
More than 10 years ago	0
No O□cial Plan or Land Use and Development Control Bylaws in place	-20

Public Involvement

How would you characterize your community's involvement in land use planning issues? Do people come out to public meetings on land use issues? Do they comment to the municipality or provincial government on issues of interest? Are there any environmental groups active in your municipality?	Scoring
Very involved	5
Somewhat involved	0
No involved at all	-5

Planning Staff

Who carries out the planning services for your community?	Scoring
In-House Professional Planner	10
Outside Planning Consultant	0
Chief Administrative O□cer	-5
None / Other	-10

Enforcement Resources

Do you have enough resources to enforce your bylaws?	Scoring
Yes	5
No	-5

Effectiveness of Environmental Policies

How would you characterize the O□cial Plan's policies with to respect environmental protection?	Scoring
Very e□ective	10
Somewhat e□ective	5
Not e□ective	-5
There are no policies for environmental protection	-10

Protection of Environmental Systems

Are natural environmental systems, including beaches and dunes, wetlands, streams and estuaries protected by land use and development control bylaws?	Scoring
Yes	5
Yes, but not su□ciently	0
Not at all	-5

Ribbon Development

Is ribbon development occurring within or on the periphery of your municipality? Ribbon development is where houses and businesses stretch out along existing roads extending into more rural areas. Issues associated with ribbon development can include sprawl, multiple driveways entering highways, tra□c congestion, di□culties in servicing, etc.

	Scoring
Not at all	5
Yes, but only at a very small scale	0
Yes, to a large extent	-10

Intersections and Driveways

Are there road intersections within the municipality that are unsafe or where it is di□cult to make a turn? Are there areas of the municipality where it is di□cult or unsafe to make a turn into or out of one or more residential or commercial driveways?

	Scoring
Not at all	5
Yes, but only at a very small scale	0
Yes, to a large extent	-10

Resource Lands

Are resource lands (agriculture and forestry) and their future potential being compromised by development proposals?

	Scoring
Not at all	5
Yes, but only at a very small scale	0
Yes, to a large extent	-10

Drinking Water Quality

Are properties in your municipality experiencing contamination of drinking water?	Scoring
Not at all	5
Yes, but only on a small number of properties	0
Yes, to a large extent	-10

Heritage Protection

Are historic and culturally important resources such as buildings and landmark sites protected by your O□cial Plan and Zoning Bylaws?	Scoring
Yes, adequate and e□ective protection in place	10
Yes, but policy lacks means of enforcement	0
No protection in place	-10

SUB-TOTAL ENVIRONMENT AND PLANNING

Please total your scores recorded for the previous eleven indicators.	Score
Age of O□cial Plan and Land Use Bylaws	
Public Involvement	
Planning Sta□	
Enforcement Resources	
E□ectiveness of Environmental Policies	
Protection of Environmental Systems	
Ribbon Development	
Intersections and Driveways	
Resource Lands	
Drinking Water Quality	
Heritage Protection	
TOTAL ENVIRONMENT AND PLANNING	

How To Use This Information

Land Use Planning contributes to quality of life by creating places that are pleasant to live in and safe. By and large, Land Use Planning ensures that land is used e□ciently for the bene□t of the wider community. Adequate Land Use Planning also protects environmental resources, many of which cross municipal boundaries and therefore play an important role in the well-being of the wider region. Planning gives citizens and local stakeholder groups opportunities to establish a vision and shape the future of their community. It creates neighbourhoods with a compatible mix of land uses and helps to reduce con□icts between neighbours. Planning can help manage municipal budgets by directing development and the provision of services in a feasible and controlled manner.

If you have a score totaling well below 0 for this section, your municipality's ability to properly plan, administer, and enforce the healthy and sustainable development of your community is compromised. A score well above 0 indicates a functional planning system. If your score is just above or below 0, the scores in Part 4 will give you and indication where things are working well, and where further analysis might be bene□cial.

Part 5 - Inter-Municipal Involvement

Why This Is Important

Thinking on an inter-municipal or regional basis is becoming essential for municipalities to adapt successfully to a changing environment. Recognizing that your municipality needs its neighbours and capitalizing on opportunities to work together is becoming critical to maintaining a strong municipality. Inter-municipal arrangements allow for a sharing of:

- responsibilities;
- human, financial, technological and material resources; and
- risk, control, and benefits to provide better and less expensive services for the residents of the cooperating municipalities.

Participation in Regional Initiatives

Does your municipality have/participate with one or more neighbouring municipalities in a round table, a watershed management group, a planning district, a fire district, and/or a regional economic development strategy?

	Scoring
3 or more of the above	5
2 of the above	3
1 of the above	0
None of the above	-5

Impact of Economic Growth in Neighbouring Communities

How would the establishment of a major industry or growth in the economy of a neighbouring community affect your municipality?

	Scoring
Significant local job creation/economic spin-offs	5
Few local jobs created, minor economic spin-offs	0
Limited local economic impact	-3
No impact	-5

Service Sharing Arrangements

Is your municipality involved in formal or informal service sharing arrangements with other municipalities to share: recreation facilities, utility infrastructure or certi□ed operators, □re services, economic development e□orts, and/or other sta□ activities?	Scoring
3 or more services	5
2 or more services	3
1 or more services	0
1 service that has not been reviewed in 5 or more years	-3
No service	-5

SUB-TOTAL INTER-MUNICIPAL INVOLVEMENT

Please total your scores recorded for the previous three indicators.	Score
Participation in Regional Initiatives	
Impact of Economic Growth in Neighbouring Communities	
Service Sharing Arrangements	
TOTAL INTER-MUNICIPAL INVOLVEMENT	

How To Use This Information

The information collected above enables you to assess whether your municipality is taking full advantage of inter-relationships with other municipalities. Shifts in demographics and changes in your local economy might create challenges for delivering a□ordable and e□cient services. Your municipality might be able to address these challenges through an inter-municipal approach.

If you have a score totaling well below 0 for this section, your municipality might not be capitalizing on existing opportunities to work with other municipalities. A score well above 0 indicates that your municipality is taking a regional approach to help successfully adapt to a changing environment.

Part 6 - Community Engagement and Support

Why This Is Important

Citizens who are engaged in your municipality's a□airs, and active volunteer groups as well as strong support by the municipal administration contribute to the overall life quality in your community. If local citizens are willing to serve on Council, if your municipality has the capacity to provide su□cient administrative support, and if citizens generally have opportunities to participate in the community, your municipality is a more vibrant and attractive place in which to live.

Acclaimed Council Seats

How many members of Council were acclaimed in the last municipal general election?	Scoring
0	5
1	3
2	0
3 or more, but less than half the Council	-3
Half the Council or more	-5

Circle your score

Council Seats not Filled in Election

How many Council seats were not □lled in the last municipal general election?	Scoring
0	5
1	0
2	-3
3 or more, but less than half the Council	-5
Half the Council or more	-10

Circle your score

Voter Turnout

What was voter turnout as a % of eligible voters at the last election?	Scoring
More than 75%	5
Between 50% and 75%	0
Between 25% and 50%	-5
Below 25%	-10

Opportunities for Community Involvement

Do you have citizens outside of Council members serving on Council committees?	Scoring
Yes	5
No	-5

Communication between Council and Community Groups

Is your Council actively involved in communicating regularly with and/or actively supporting organizations that provide services that are complementary to the municipality?	Scoring
Regular consultation	5
Somewhat regular consultation	0
No consultation	-5

Number of Volunteers

How would you describe the trend of volunteer involvement in municipal events, activities, and operations including recreation and other community programs?	Scoring
Increasing	10
Stable	5
Decreasing	-10

SUB-TOTAL COMMUNITY ENGAGEMENT AND SUPPORT

Please total your scores recorded for the previous six indicators.	Score
Acclaimed Council Seats	
Council Seats not Filled in Election	
Voter Turnout	
Opportunities for Community Involvement	
Communication between Council and Community Groups	
Number of Volunteers	
TOTAL ENGAGEMENT AND SUPPORT	

How To Use This Information

The information collected above enables you to assess whether your residents show leadership, interest and support in your community's a□airs. Su□cient candidates for municipal elections ensure that important issues are publicly debated during elections. Local projects bene□t from community involvement by residents and volunteer organizations.

If you have a score totaling well below 0 for this section, your municipality's residents may be generally disengaged from community life or feel disenfranchised with respect to decisions made by your municipal government. A score well above 0 demonstrates a generally well engaged citizenry. If your score is just above or below 0, the scores in Part 6 will give you an indication where things are working well, and where further analysis might be bene□cial.

Part 7 - Governance and Administration

Why This Is Important

One of the most important aspects of good municipal government is an e□ective administration and a cordial working relationship between Council and the administration. The administration looks after the day to day operations of the municipality and ensures that Council's policies are carried out.

Administrative and Management Support

Does your municipality have an adequate level of administrative and management support?	Scoring
Yes	5
No	-10

Likelihood of Retirement for Administrator/CAO

Is your administrator/CAO likely to retire/leave in the next 3 years?	Scoring
No, or yes but a succession plan is in place	5
Yes, and no succession plan in place	0
Administrator/CAO position is vacant	-5
Our municipality does not have an administrator/CAO	-10

Administrator/CAO Performance Evaluation

Does your council annually evaluate the performance of your administrator/CAO?	Scoring
Yes	5
No	-5

Support Staff Performance Evaluation

Does your administrator/CAO annually evaluate the performance of support sta□?	Scoring
Yes	5
No	-5

Administrator/CAO Certification

Does your administrator/CAO have a degree or diploma in public administration or equivalent?	Scoring
Yes	5
No	-5

Competitiveness of Compensation

Does your municipality provide competitive salaries to its employees including medical, disability, retirement and other bene□ts?	Scoring
Yes	5
No	-10

Strategic Planning

Does your municipality have a strategic plan?	Scoring
Yes	5
No	-10

Procedural Bylaw or Policy

Does the municipality have a procedural bylaw or policy?	Scoring
Yes	5
No	-10

Dedicated Contact Phone Number

Does your municipality have a dedicated contact phone number?	Scoring
Yes	5
No	-10

Municipal Office

Does your municipality have an o□ce with regular o□ce hours?	Scoring
O□ce open during regular business hours (more than 35 h/week)	10
O□ce with regular o□ce hours (between 35 and 20h/week)	5
O□ce with regular o□ce hours (less than 20h/week)	0
No o□ce	-25

Emergency Preparedness

Does your municipality have an Emergency Measures Organization and/or an up to date Emergency Measures Plan?	Scoring
Yes	5
No	-10

Emergency Training

Does your Emergency Measures Coordinator have adequate training in this □eld?	Scoring
Yes	5
No	-10

Validity of Emergency Training

Does your municipality follow the training programs/evaluations outlined in your Emergency Measures Plan?	Scoring
Yes	5
No	-10

SUB-TOTAL GOVERNANCE AND ADMINISTRATION

Please total your scores recorded for the previous thirteen indicators.	Score
Administrative and Management Support	
Likelihood of Retirement for Administrator/CAO	
Administrator/CAO Performance Evaluation	
Support Sta Performance Evaluation	
Administrator/CAO Certi cation	
Competitiveness of Compensation	
Strategic Planning	
Procedural Bylaw or Policy	
Dedicated Contact Phone Number	
Municipal O ce	
Emergency Preparedness	
Emergency Training	
Validity of Emergency Training	
TOTAL GOVERNANCE AND ADMINISTRATION	

How To Use This Information

The information collected above enables you to assess whether you have a su ciently functioning administration in place to ensure that your municipality is managed properly in both normal day to day operation as well as in times of crisis such as a ooding or other major emergency.

If you have a score totaling well below 0 for this part, your municipality's administration is likely not in a position to properly administer many functions normally provided by a municipality. A score well above 0 demonstrates a generally well functioning administration. If your score is just above or below 0, the scores in Part 7 will give you an indication where things are working well, and where further analysis might be bene cial.

Part 8 - Size, Assessment Base and Services

Why This Is Important

The size, assessment base, and services are important indicators for the overall level of sustainability and future viability prospects of your community. In its 2009 report, New Foundations, the provincially appointed Commission on Land and Local Governance made reference to what is considered a "population and tax base su□cient to provide e□ective and sustainable local governance on matters which are local in scope". Even though there are no precise numbers available pertaining to the minimum population and property assessments necessary to sustain a municipality, the the following indicators provide guidance as to the estimated viability prospects of a municipality related to tax base, size and service delivery.

Assessed Value of Properties

What is the assessed value of properties in your municipality?	Scoring
$200,000,000 or more	20
Between $100,000,000 and $200,000,000	5
$100,000,000 or less	-30

Population

What is the population of your municipality?	Scoring
4,000 or more	20
Between 2,000 and 4,000	0
Between 1,000 and 1,999	-20
1,000 or less	-30

Services

How many services under section 30 of the *Municipalities Act* (or equivalent sections of the *Charlottetown Area Municipalities Act* and *City Of Summerside Act*) does your municipality deliver?	Scoring
10 or more	20
Between 4 and 10	0
Between 1 and 3	-20
1 or none	-30

SUB-TOTAL SIZE, ASSESSMENT BASE AND SERVICES

Please total your scores recorded for the previous three indicators.	Score
Assessed Value of Properties	
Population	
Services	
TOTAL SIZE, ASSESSMENT BASE AND SERVICES	

How To Use This Information

If you have score of 60 for this part, your municipality has a sustainable size, tax base and level of service delivery as de□ned by the Commission on Land and Local Governance. Any lower score indicates that at least one of the sustainability criteria set out by the Commission on Land and Local Governance is not met.

Conclusion - Evaluating Your Scores

How To Interpret Your Score

Total the scores from the nine parts in the table below. The maximum score is **375** and the minimum score is **-530** Your score should be interpreted in broad terms: if your municipality scores well above zero, you can interpret this as an indicator that things are working relatively well.

If your municipality scores well below zero, you are likely having challenges to provide your residents with adequate services and should determine if there is a new approach that makes sense for your municipality. Please proceed to Step Two to further analyze your situation and to develop information that will help you as you talk to others.

If your municipality's overall score is closer to zero or above, by looking at particular sections where your municipality has received negative scores, you can still use the table to determine areas where your municipality can make improvements in its planning, service o□erings and governance. Step Two will assist you to develop information that will help better de□ne the issues your municipality faces and that will be useful to you and others as you take steps to improve your municipal viability.

TOTAL SCORE STEP ONE

Please total your scores from Part 1 trough to Part 8.	Score
1. Population	
2. Tax Base Stability	
3. Municipal Financial Management	
4. Environment and Planning	
5. Inter-Municipal Involvement	
6. Community Interest and Support	
7. Governance and Administration	
8. Size, Assessment Base and Services	
GRAND TOTAL STEP ONE	

Analyzing the Situation

Reviewing your municipality's features

Introduction

This section contains more detailed questions about your municipality. It will help you further understand your municipality's geography, organization and □nances, and the current services your municipality o□ers. This section will also help you to identify your municipality's "community of interest", that is, the other communities where residents from your municipality go to obtain services and where residents come into your municipality to use its services. You will further assess both the current level of viability and future viability prospects of your municipality. By collecting and recording this information, your municipality will have substantial information that can be provided to other municipalities and organizations as you discuss partnerships or other options to improve viability and the services you o□er.

Some of the questions in this Step are repeat question from Step One. This is intentional, as this Step is creating a package your municipality can use when you have internal or external discussions and it will be easier to have all the information in one place. You will also want to refer back to Step One as you work through this document.

Part 1 - Mapping the Community of Interest

To better understand your municipality's context, please get a group together to identify on a map where services are located and where people live who use those services.

Use a map covering the general area of the province where your municipality is located as a base map for your drawing. The map must include the boundaries of all municipalities in the area. You should use di□erent colours (markers or coloured dot stickers) to identify di□erent services. For example, you might use green stickers to identify recreational services, blue stickers to identify schools, etc. The list provided below may be incomplete for your municipality; feel free to add to it.

1. Show where people go:
   - to school;
   - to work;
   - for community services (library, post o□ce, daycare services for their children, seniors homes, Access PEI o□ce, Service Canada o□ce, etc.);
   - for sports (hockey, soccer, baseball, □gure skating, swimming, etc.);
   - for healthcare (doctor, dentist, optometrist, hospital, health clinic, emergency room, etc.);
   - to shop (include groceries, hardware, clothing, electronics, etc.);
   - for entertainment and hobby activities (including movies, restaurants, to get videos, agricultural fairs, etc.);
   - for outdoor recreational activities (trails, parks, beaches, golf courses, boat launches, etc.); and
   - other services you can identity.

   Also show, from where your municipality gets emergency services such as police, □re and ambulances.

2. Draw a line around the heaviest concentration of dots that you have put on the map. This represents the area where services are concentrated.

3. Identify the areas where people live who access the services that have been identi□ed on the map by drawing lines on the map (in the same colour as the dots) around the area where people live who access those services, including people in other municipalities and areas that are not incorporated.

4. Anomalies where a particular service is a considerable distance from area where most of the services are concentrated should be disregarded. The area where there is considerable overlap is your community of interest.

Keep this map on hand and re□ne it when necessary as you proceed through the following questions. By showing where you share "communities of interest", this map can also be used to kick-start conversations with other parties such as neighbouring municipalities that you may approach for partnerships.

Part 2 - Municipal Governance and Administration

Municipal sustainability depends upon the participation of residents in local government. This section contains questions about how your municipal government and administration does business and makes decisions. Answers should be made with reference to the Act governing your municipality and your municipality's most recent budget.

Geography

a) What is the approximate area of your municipality in acres?

b) With which municipalities does your municipality share a boundary?

If your municipality is very small, it may not be able to develop the population and tax base that will allow it to become more viable. You may wish to consider ways to better organize it to make sense of its continued existence. The other Steps in this toolkit will help you with this.

Representation

a) Is your municipality a City, Town or Community?

City Town Community

b) How many Council members are there?

Does this meet the requirements of the Act governing your municipality?

Yes No

c) Do Council members represent wards or are they elected at large?

Wards At Large

d) How many people ran for o□ce in the last general election?

Were there candidates for all positions at the close of nominations?

Yes No

Were there the same or more candidates compared with the previous election?

Yes No

Did you have any members of Council acclaimed at the last election?

Yes No

How many?

f) What was voter turnout as a % of eligible voters at the last election?

Is voter turnout in your municipality increasing or staying the same?

Yes No

If the majority of your responses to the questions above are "no", this indicates that your municipality has little community interest in the electoral process and that Council is probably not able to su□ciently represent the constituency.

Administration

a) How often does your Council meet?

Did your Council hold an annual meeting last year?

Yes No

b) Does your Council follow 'Rules of Procedure' for meetings?

Yes No

c) Does your Council have any standing committees? What are they?

1.

2.

3.

4.

5.

6.

7.

8.

d) Is your Chief Administrative O□cer paid?

Yes No

e) Is your Chief Administrative O□cer likely to retire in the next 3 years?

Yes No

f) Does your municipality employ any other sta□?
If so, how many sta□ are employed by your municipality?

Full-time salaried

Full-time contract

Part-time

g) Does your municipality have a website that provides contact information, copies of your municipality's o□cial Plan and Land Use By-Laws and other relevant documents, a schedule of meetings, etc.?

Yes No

h) Does your municipality have a dedicated contact phone number?

Yes No

i) Does your municipality have a dedicated contact fax number?

Yes No

j) Does your municipality have a dedicated contact e-mail address?

Yes No

k) Does your municipality have a plan for emergency measures?

Yes No

l) Do you consider your municipality to be e□cient?

Yes No

m) Do you consider your municipality to be accountable?

Yes No

n) Do you consider your municipality to be transparent?

Yes No

o) Do you consider your municipality to be easy to administer?

Yes No

p) Does your municipality have an o□ce easily accessible to the public at convenient times?

Yes No

q) Does your municipality have the necessary equipment (i.e. computer) to provide administration services?

Yes No

If the majority of your response to the questions above are “no”, it is likely that your municipal administration is in a position where it cannot deal with all administrative obligations. Adjustments may have to be made to ensure the future viability of your community.

Part 3 - Service Delivery

The main function of a municipality is to provide services. The range of services provided and the way in which they are delivered are key factors in determining the quality of life in a community and are important when assessing municipal sustainability. This section contains questions about the services provided by your municipality.

Provincial legislation establishes the services that PEI municipalities can provide. The services are summarized in the table below.

a) Which of the following services is available in your municipality?

Public Safety

- police services
- □re and rescue services
- emergency planning/management services
- street lighting

Recreation and Culture

- recreation programs and facilities
- parks, sport □eld, marinas, raceways and playgrounds
- cultural programs and facilities
- libraries
- museums and interpretive centres
- special events

Tourism and Economic Development

- economic development services, infrastructure and commissions
- tourism promotion
- major events

Public Works and Utilities

- street construction and maintenance
- parking management and facilities
- stormwater management and infrastructure
- active transportation infrastructure and maintenance (sidewalks, trails and bike paths)

- landscaping/beauti□cation
- municipal water supply and distribution
- municipal sewer collection and treatment
- municipal electricity supply and distribution services
- property acquisition, leasing and management

Planning and Development Control

- land use planning
- development control, subdivision approval
- building standards and inspection
- heritage promotion/preservation

Other Services

- animal services
- bylaw enforcement and control
- environment protection
- public transit
- public housing
- business licences, street vendors

Administration

b) Does your municipality have a water and sewer corporation?

Yes No

c) Have any of the services in the above list been provided in the last 20 years that are not provided now? If yes, which ones, and why are they no longer provided?

1.

2.

3.

4.

5.

d) What social or cultural events does your municipality sponsor? What form does that sponsorship take?

Event	Type of Sponsorship	
	Financial in the amount of	In-Kind (circle types that apply)
1.	$	Use of People ☐ Use of Facilities ☐ Other ☐ equivalent to approximate value of $
2.	$	Use of People ☐ Use of Facilities ☐ Other ☐ equivalent to approximate value of $
3.	$	Use of People ☐ Use of Facilities ☐ Other ☐ equivalent to approximate value of $
4.	$	Use of People ☐ Use of Facilities ☐ Other ☐ equivalent to approximate value of $
5.	$	Use of People ☐ Use of Facilities ☐ Other ☐ equivalent to approximate value of $
6.	$	Use of People ☐ Use of Facilities ☐ Other ☐ equivalent to approximate value of $

e) What percentage of your municipality's residents travel outside the municipality to access recreational facilities such as rinks, soccer fields, playgrounds, pools, etc.?

%

f) If you offer recreational services, what percentage of people who use these services are from outside your municipality?

%

g) What percentage of your municipality's residents travel outside the municipality to access library's services?

%

h) If you offer library services, what percentage of people who use the library's services are from outside your municipality?

%

i) Are you getting requests for the extension of your municipality's sewer and water services outside your municipal boundary?

Yes No

If the majority of the questions in this part indicate that many of your residents have to travel outside your municipality for recreational and library facilities, that your municipality provides a significant number of services that are used by people from outside the community, or that certain essential services have been discontinued or have never been provided, alternative options for service delivery as provided in Step Three should be considered.

Part 4 - Municipal Finance

Your municipality's viability will depend on the ability of the municipality to raise sufficient revenue to pay for the cost of providing services. This section deals with how your municipality pays for services.

Councils are responsible for the financial management of PEI municipalities. They determine the tax rate needed to raise the revenue required to pay for municipal services. They are required under the *Municipalities Act* to establish annual budgets and cannot plan to run deficits. They must submit budgets and audited financial statements to the Minister annually. Councils may borrow for the purpose of providing services and for capital expenditures. However, Councils cannot borrow money for capital expenditure if this would incur debt to an amount in excess of a percentage of the assessed value of property in the municipality as determined in *Municipalities Act* (or the *City of Summerside Act* or *Charlottetown Area Municipalities Act* respectively).

a) What is the current overall financial position of your municipality?

Total Expenditure (A)	$
Total Revenue (B)	$
Net Position (B-A)	$

b) Did your municipality follow last year's budget?

Yes No

c) Does your municipality have a budget forecast of more than one year?

Yes No

d) Was your municipality audited last year?

Yes No

e) Has your spending exceed revenue in any of the last five years?

Yes No

If yes, was the excessive amount more than 5% of your municipality's overall budget?

Yes No

Is this a regular occurrence?

Yes No

f) Canadian municipalities are required to report on the value of their tangible capital assets (TCA) under national accounting standards. Has your municipality submitted its TCA report?

Yes No

g) If the answer is no to the previous question, does your municipality have plans to complete its TCA report in the next fiscal year?

Yes No

h) What major capital infrastructure is owned or leased by your municipality for the purposes of providing services? Larger municipalities may wish to attach a separate sheet.

Buildings	Size (sq.ft.)	Condition *	Date Acquired or Constructed
Building 1			
Building 2			
Building 3			
Building 4			
Building 5			

* Condition: Rate on the following scale:
1 completely suitable for current use
2 has easily repaired deficiencies
3 has significant deficiencies
4 un-useable

Land		Area (acres)	Condition *	Date Acquired or Constructed
Parcel 1				
Parcel 2				
Parcel 3				
Parcel 4				
Parcel 5				

Vehicle		#	Condition *	Date Acquired
Vehicle 1				
Vehicle 2				
Vehicle 3				
Vehicle 4				
Vehicle 5				

Major Equipment		#	Condition *	Date Acquired
Equipment				
Equipment				
Equipment				
Equipment				
Equipment				

i) What is your current municipal debt load?

	Total Debt	Debt per Capita
Consolidated Long Term Debt	$	$
Short Term Borrowing	$	$

j) What is your current municipal tax base?

	Taxable Assessment	Tax Rate	
	Total	Provincial	Municipal
Commercial	$	$	$
Non-commercial	$	$	$

If your municipality has a variety of tax rates for commercial uses list them separately.

k) What % of total municipal revenue comes from municipal taxes?

$

l) What % of total municipal revenue comes from other sources?

Fees (inc. tourism accommodation levy)	%
Grants	%
Donations	%
Fundraising	%
Other	%

If your responses to the majority of these questions indicate that:

- your municipality is experiencing signi□cant budgetary challenges; or
- budgetary limitations are restricting your municipality's ability to o□er services your residents need or wish to have; or
- if certain services put a disproportionate burden on your community's budget, that the debt load is impacting your borrowing capacity; or
- unusually high fees and taxes have to be levied to ensure the □nancial survival of your community,

the □nancial future of your community may be better secured by exploring the alternative options provided in Step Three.

Part 5 - Current Viability

Please determine the current cost of providing services and fill in the list provided below. You can then compare these numbers to the numbers of other municipalities of about the same size or to municipalities you may wish to approach for partnerships. This comparison against other municipalities is not intended to indicate the quality of services, but is rather an exercise to provide a sense of the relative cost to help you determine if there are specific areas where you could look for improved efficiencies or future synergy potential when creating new partnerships.

Municipal Services	Cost per Capita ($)
Public Safety	
• police services	
• fire and rescue services	
• emergency planning/management services	
• street lighting	
Recreation and Culture	
• recreation programs and facilities	
• parks, sport field, marinas, raceways and playgrounds	
• cultural programs and facilities	
• libraries	
• museums and interpretive centres	
• special events	
Tourism and Economic Development	
• economic development services, infrastructure and commissions	
• tourism promotion	
• major events	
Public Works and Utilities	
• street construction and maintenance	
• parking management and facilities	
• stormwater management and infrastructure	

Take the total cost of services for the municipality and divide by your municipality's population.

Municipal Services	Cost per Capita ($)
• active transportation infrastructure and maintenance (sidewalks, trails and bike paths)	
• landscaping/beauti□cation	
• municipal water supply and distribution	
• municipal sewer collection and treatment	
• municipal electricity supply and distribution services	
• property acquisition, leasing and management	
Planning and Development Control	
• land use planning	
• development control, subdivision approval	
• building standards and inspection	
• heritage promotion/preservation	
Other Services	
• animal services	
• bylaw enforcement and control	
• environment protection	
• public transit	
• public housing	
• business licences, street vendors	
Administration	

a) Based on the above information list the five most expensive services your municipality provides in order of cost per capita (highest to lowest):

1.

2.

3.

4.

5.

b) Is the current number of services provided by your municipality adequate?

Yes No

c) Do your residents need/want fewer or more services?

Fewer | Current Number is Fine | More

d) If you answered 'More' to the previous question, what additional services do people want, and why?

e) If you answered 'Fewer' to the previous question, what additional services do people want, and why?

f) In the following table, using a scale of 1 to 5, 1 being inadequate and 5 being excellent, rate each service provided by your municipality according to the level of service currently received and the improvement in service level in the last 10 years. Do the services that your municipality provides meet Federal and Provincial standards? If not, provide comments to explain where de□ciencies occur.

	Responsibility for Service (us / others)	Quality of Current Service Level (where relevant, does the service meet Federal / Provincial standards)	Improvement in Last 10 Years	Comments
Public Safety				
• police services				
• fire and rescue services				
• emergency planning/management services				
• street lighting				
Recreation and Culture				
• recreation programs and facilities				
• parks, sport field, marinas, raceways and playgrounds				
• cultural programs and facilities				
• libraries				
• museums and interpretive centres				
• special events				
Tourism and Economic Development				
• economic development services, infrastructure and commissions				
• tourism promotion				
• major events				
Public Works and Utilities				
• street construction and maintenance				
• parking management and facilities				
• stormwater management and infrastructure				
• active transportation infrastructure and maintenance (sidewalks, trails and bike paths)				
• landscaping/beautification				
• municipal water supply and distribution				

	Responsibility for Service (us / others)	Quality of Current Service Level (where relevant, does the service meet Federal / Provincial standards)	Improvement in Last 10 Years	Comments
• municipal sewer collection and treatment				
• municipal electricity supply and distribution services				
• property acquisition, leasing and management				

Planning and Development Control

• land use planning				
• development control, subdivision approval				
• building standards and inspection				
• heritage promotion/preservation				

Other Services

• animal services				
• bylaw enforcement and control				
• environment protection				
• public transit				
• public housing				
• business licenses, street vendors				

Administration

g) To which municipalities do you typically compare your municipality?

h) How does the range of services and level of service in your municipality compare with those of your neighbouring municipalities?

Provide list of your neighbours	Range of services			Level of service		
	Better	Worse	Same	Better	Worse	Same
1.						
2.						
3.						
4.						
5.						

i) In reviewing your answers to all the previous questions in this Part 5 and leaving aside budgetary constraints that limit your municipality's ability to provide services, do you feel your municipality is providing the best value for money with respect to municipal services?

Yes No

j) Are residents in your municipality prepared to pay more taxes to receive better or more services?

Yes No

k) Are current tax rates too high or too low?

Too High Too Low

If your municipality is struggling to provide a minimum number of services or if it cannot provide additional services that your residents want to have, your current situation may be unsustainable. You may wish to explore alternative options for providing services by completing Step Three of this toolkit.

Part 6 - Current Viability and Future Prospects

Municipal viability is a concept that must be thought about with reference to the future as well as current conditions. The purpose of this section is to evaluate the future prospects of your municipality.

a) In light of your answers to the questions in Parts 1 to 6 of this Step Two and the questions in Step One, do you feel that your municipality is currently viable? Can you continue to operate in your current manner for the foreseeable future? Explain why?

b) Looking forward to 10 years, what changes are anticipated in your community with respect to population and households? Refer to Step One, Part 1 as you think about these questions.

The municipality's population will

Increase Decrease

by:

The number of households in the municipality will

Increase Decrease

by:

c) With these anticipated changes in population and households, can your municipality's existing infrastructure continue to support the services and levels of service currently in place?

Yes No

d) What major repair and replacement of existing infrastructure will be required in the next 10 years?

1.

2.

3.

4.

5.

6.

7.

8.

e) What services should your municipality be providing that it doesn't currently provide?

1.

2.

3.

4.

5.

6.

7.

8.

f) Are you anticipating any signi□cant residential, commercial or industrial development in your municipality in the next 10 years?

Yes No

g) If yes, what is the scale of development and how might it change your population?

Slight Increase Dramatic Increase

h) If yes, what is the scale of development and how might it change your tax base?

Slight Increase Dramatic Increase

i) If the additional development anticipated in question 'f' occurs, will your municipality need to build additional infrastructure to support it?

Yes No

j) In the absence of any change to the structure and function of your municipality will your municipality be viable in twenty years' time?

Yes No

If your pro□le indicates that your municipality may experience changing demographics (i.e. ageing population, population decreases or stagnation), or declining development and economic activities, or if major infrastructure replacements and/or new services are needed, the future viability of your municipality may be at risk without implementing changes the structure and function of your municipality. Step Three will help you to explore your options for restructuring.

Part 7 - General Description

The role that municipal government plays in enhancing the quality of life in your community cannot always be measured empirically. The purpose of this section is to identify what makes your community special as well as the challenges facing your community. The following box contains a number of words. Please circle or highlight the words which describe the positive aspects of your community with a green pen. Circle or highlight the words which describe the negative aspects of your community with a red pen. Circle or highlight words that you consider neither positive nor negative in blue. Feel free to add to the list.

Rural	Growing	Active	Green
Suburban	Stagnant	Passive	Enthusiastic
Urban	Declining	Indi□erent	Volunteerism
Small	Optimistic	Pessimistic	Strategic
Mid-Size	Proud	Visionary	Responsible
Large	Responsive	Safe	Prepared
E□cient	Service-Oriented	Scenic	Noisy
Transparent	Underfunded	Accessible	Sprawling
Quality service	Isolated	Historic	Underdeveloped
Accountable	Wasteful	Artistic	Commercial
Limited	Unprepared	Friendly	Residential
Ine□cient	Congested	Multicultural	Industrial
Dated	Agricultural	Polluted	Progressive
Tranquil			

Please interpret these adjectives as vehicles to create self-awareness for non-measurable aspects of community viability. Use these descriptions when you approach other municipalities to identify where strengths and weaknesses complement or compensate each other as you discuss possible partnerships.

FEDERATION of PRINCE EDWARD ISLAND MUNICIPALITIES

Viability Options

Choosing the best option for your community

Introduction

The self-assessment undertaken in Steps One and Two of the toolkit will have led you to determine whether or not your municipality is viable in the context of both current conditions and future prospects for the community.

This step in the toolkit provides a structure to help you evaluate and choose the best option for improving municipal viability given your situation. The various options for delivering the services your municipality provides or would like to provide are discussed and evaluated. Information to help you decide on the best option for your municipality is made at the end of Step Three.

Part 1 - Options for Improving Local Government

The key functions of local government, whether they be land use planning, delivering services, or preparing emergency plans, can be carried out in a number of ways. This section discusses options for improving local government in the context of both maintaining your current municipal structure and changing your municipal boundaries and governance model through restructuring. Three options are discussed:

1. Maintaining the current municipal structure.
2. Maintaining the current municipal structure and using formal agreements to provide services and other functions.
3. Municipal restructuring.

Option 1 – Status Quo

Under this option, your municipality maintains direct and exclusive responsibility for the functions of local government and there are no changes to municipal boundaries (a few services may be provided under existing servicing agreements). For municipalities who have determined that they are viable under Steps One and Two, this may continue to be the preferred governance method. However, this is likely not to be the case with the majority of PEI municipalities, particularly those that do not have sufficient population and/or an assessment base to adequately sustain service levels, where significant numbers of non-residents access services supported at least in part by local municipal taxes, or where environmental impacts are being experienced due to activities in the area surrounding the municipality.

Option 2 – Cooperation with Others

Under this option, municipalities agree to cooperate either with other municipalities or by using private sector or not-for-profit partners. A common area of cooperation is through service agreements that deal with sharing the cost of delivering some or all services or the use of services. Cooperation can also take the form of joint land use/ emergency preparedness plans and/or sharing resources (administrative; specialist staff). This option can work well for municipalities which are not by themselves large enough to be able to raise revenue to fund large facilities (such as a recreation centre) or especially costly services. They are also useful when policies and plans have regional significance (economic development plans) or require inter-municipal coordination (emergency preparedness).

A more elaborate version of Option 2 might take the form of a body that provides a service or basket of services to a large area. Such bodies are often used for services which are most e□ciently run at a regional scale and require particular expertise (for example wastewater treatment). Special purpose bodies are common in Canada but have been criticized for being independent of local government control and unaccountable to local voters and their own client base.

Any kind of formal agreement that involves joint responsibilities and cost sharing obligations amongst municipalities requires an equitable distribution of those responsibilities and obligations as well as strong political leadership.

3

Option 3 – Municipal Restructuring

Under this option, municipal boundaries are changed to form a larger municipality in order to achieve the scale necessary to carry out local government functions in a more sustainable way. This would be most easily achieved amongst municipalities who share boundaries. However, given that 70% of the land on PEI is not within a municipality, restructuring on the Island will almost always involve areas that are not currently incorporated. After restructuring, a new single municipal Council and administration is created and tax bases are merged. There is no set formula for dealing with existing municipal assets (cash reserves, land, buildings, equipment etc) and liabilities (debt, capital replacement requirements).

There are strong arguments for merging smaller municipalities and unincorporated areas. These arguments are particularly relevant in PEI where most municipalities fall below the threshold for stable and e□cient delivery of services. Restructring can be contentious, particularly when imposed with little or no consultation with community stakeholders. It is therefore far better to take a proactive approach that involves the public throughout the process.

Part 2 - Basic Evaluation Of Viability Options

This section involves a basic evaluation of the governance options discussed above with reference to the activities of your municipality. The evaluation will provide an initial indication of the direction that should be pursued.

To complete the basic evaluation of options, □ll in the table below according to the following instructions. An example table is provided to assist you.

1. In column 1, list the functions of your municipality including the services it provides, would like to provide or may have to provide in the future.
2. In column 2, indicate the importance of each function to your community in relation to all the other functions provided by the municipality. The percentages applied to all functions must add up to 100%.
3. In columns 3, 5 and 7, rank what you feel is the best governance option for each function based on a 1 to 5 score with 1 being the weakest level of sustainability and 5 being the strongest. When scoring consider the cost, ease of administration, the area to which a function relates (just your municipality or a larger area) and other factors a□ecting sustainability. A score of 5 will mean the option is exclusively used by the taxpayers who pay for it, is cost e□cient and/or easy to administer for that function. A score of 1 will mean that the option is used a great deal by people who do not support the facility/service through taxes or user fees, is very costly and/or di□cult to administer.
4. In columns 4, 6 and 8, determine the weighted ranking of the various options by multiplying the rankings in columns 3, 5 and 7 by the percentages in column 2.
5. Add up the total weighted ranking of the governance options at the bottom of columns 4, 6 and 8.

Example

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
Service	Relative Importance Weighting (column must add up to 100%)	Ranking of Options					
		Option 1 Status Quo		Option 2 Cooperation with Others		Option 3 Municipal Restructuring	
		Is this the best option? Score from 1 (weakest) to 5 (strongest)	Weighted (column 3 x column 2)	Is this the best option? Score from 1 (weakest) to 5 (strongest)	Weighted (column 5 x column 2)	Is this the best option? Score from 1 (weakest) to 5 (strongest)	Weighted (column 7 x column 2)
Police	30%	1	0.3	2	0.6	5	1.5
Land Use Planning	20%	1	0.2	2	0.4	4	0.8
Water Supply & Distribution	35%	2	0.7	3	1.05	3	1.05
Recreation	10%	2	0.2	4	0.4	2	0.2
Animal Services	5%	5	0.25	2	0.1	1	0.05
	100%		1.65		2.55		3.60

Table You Need to Complete*

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
Service	Relative Importance Weighting (column must add up to 100%)	Ranking of Options					
		Option 1 Status Quo		Option 2 Cooperation with Others		Option 3 Municipal Restructuring	
		Is this the best option - score from 1 (weakest) to 5 (strongest)	Weighted (column 3 x column 2)	Is this the best option - score from 1 (weakest) to 5 (strongest)	Weighted (column 5 x column 2)	Is this the best option - score from 1 (weakest) to 5 (strongest)	Weighted (column 7 x column 2)
	100%						

*You may wish to set up a computerized spreadsheet to help you with these calculations.

The governance option with the higher total weighted ranking (see columns 4, 6 and 8) indicates the option most suited to the needs of your community. The following section involves a more detailed assessment of these results.

Part 3 - Further Evaluation of Viability Options

The basic evaluation will have provided you with an initial sense of the best viability option for your municipality. This section helps you develop a more qualitative and detailed assessment of the options. The questions in this section will either validate or call into question the results of the basic evaluation. Be sure to answer all the questions in this section even if the basic evaluation has indicated a strong preference for one option.

Option 1 – Status Quo

Options 1 and 2 are inter-related in that your municipality continues to function under the same governance structure.

a) Is your municipality capable of continuing to carry out its current functions in a sustainable manner?

Yes No

b) Is your municipality providing or capable of providing the necessary level of emergency preparedness in the near future?

Yes No

c) Is your municipality providing or capable of providing adequate land use planning controls in the near future?

Yes No

d) In addition to your municipality's current services, is your municipality capable of taking on new services while remaining sustainable?

Yes No

If you have answered "No" to any question, pursuing Option 2 (cooperation with others) or Option 3 should be considered and you should answer the questions below.

Option 2 – Cooperation with Others

e) Is your municipality interested in jointly providing services with other municipalities?

Yes Maybe No

f) If yes or maybe , which services?

1.

2.

3.

4.

5.

6.

g) Is your municipality interested in using services in other municipalities?

Yes No

h) If yes, which services?

1.

2.

3.

4.

5.

6.

i) Is your municipality satis□ed with residents of other municipalities using the services your municipality provides?

Yes No

j) Is your municipality interested in contracting out the delivery of services?

Yes No

k) If yes, which services?

1.

2.

3.

4.

5.

6.

l) List the municipalities with which your municipality would be interested in entering into agreements to provide services (consider the community of interest identi□ed in Step Two)?

1.

2.

3.

4.

5.

6.

m) Does your municipality have the in-house legal sta□ or the □nancial ability and con□dence to hire, manage and review the work of lawyers to develop and administer servicing agreements which constitute legal contracts? If you are not sure answer "No".

Yes Somewhat No

n) What , if any, obstacles are there to entering into agreements?

1.

2.

3.

4.

5.

o) What advantages could be gained from agreements?

1.

2.

3.

4.

5.

Option 3 – Municipal Restructuring

p) Is your municipality willing to consider merging with other municipalities?

Yes Maybe No

q) Which municipalities would make good amalgamation partners (consider the community of interest you de□ned on your map in Step Two; natural boundaries; common services; shared interests; tax base; population)?

1.

2.

3.

4.

5.

6.

r) Which unincorporated areas would also be included in a restructuring (consider the community of interest you de□ned on your map in Step Two; natural boundaries; common services; shared interests; tax base; population; etc)? Also be aware that under current legislation, inclusion of these unincorporated areas must be justi□ed with regards to:
(a) the future development of the municipality;
(b) administrative convenience;
(c) any signi□cant loss of productive agricultural land;
in order to be considered for approval by the Province.

1.

2.

3.

4.

5.

6.

s) Does your location make restructuring di□cult or straightforward (consider shared boundaries as well as the geography, accessibility, and the identity of a new amalgamated municipality)?

Straightforward Somewhat Di□cult Di□cult

t) What e□ect would restructuring have on (circle one word for each item):

Service quality	Improvement	Deterioration	No Change
Service e□ciency	Improvement	Deterioration	No Change
Service value for money	Improvement	Deterioration	No Change
Community identity and pride	Improvement	Deterioration	No Change
Political representation	Improvement	Deterioration	No Change
Municipal accountability/transparency	Improvement	Deterioration	No Change
Local economy	Improvement	Deterioration	No Change
The ability to provide desired new services	Improvement	Deterioration	No Change

u) How di□cult do you view restructuring with respect to (circle one word for each item):

Community support	Easy	Di□cult	Neutral
Negotiations	Easy	Di□cult	Neutral
Legal arrangements	Easy	Di□cult	Neutral
Treatment of assets/liabilities	Easy	Di□cult	Neutral
Governance (Council size; ward Boundaries; committees)	Easy	Di□cult	Neutral
Length of Process	Easy	Di□cult	Neutral
Cost of Process	Easy	Di□cult	Neutral

The information you have considered and developed in questions a to u above should be referred to as you complete Part 4 below.

Part 4 - Making The Decision

Having evaluated the governance options, the final step is to make a decision. Consider the results of the detailed evaluation and assess whether they reinforce the basic evaluation you developed in Part 2 or if they raise sufficient questions about maintaining the status quo.

a) Based on the evaluation of governance options above, which option best suits your municipality (tick one)?

- ☐ Option 1 (your municipality provides services)
- ☐ Option 2 (servicing agreements for some or all services)
- ☐ Option 3 (restructuring)

Pursuing Option 1 – Your Municipality Provides Services

If the preferred option is Option 1— that your municipality continues to operate under its existing governance structure, the municipal viability you have identified will be dependent on the following:

- That your municipality has a government and administration that is capable of making decisions to ensure that viability is achieved and/or maintained.
- That your municipality has the financial capacity to meet current and future servicing needs of the community.
- That viable long-range strategies and master servicing plans are in place to ensure that municipal capital assets are kept in a state of good repair and that adequate staffing is maintained.
- That neighbouring municipalities that have services that benefit residents/businesses in your municipality can continue to be viable.

If long-term risks to viability are apparent, it may be necessary to consider taking action now because the process of making significant changes to local governance structures can be slow and typically requires lengthy planning and consultation.

If, through the evaluation of your viability options in Steps Two and Three above, the preferred method of providing services remains Option 1—it is highly recommended that you repeat the self-assessment in this toolkit at regular intervals in the coming years; and at least every three years.

The ability of your municipality to maintain the status quo must be re-evaluated regularly. Moreover, the risks to long-term viability must be assessed against the time it takes to make necessary changes.

Pursuing Option 2 – Cooperation with Others

If, through the evaluation of your viability options, the preferred method of providing services is Option 2—that your municipality pursues agreements under your existing governance structure—you will need to decide which local government functions require agreements, decide what types of arrangements are best suited to your needs, and identify potential partners. To assist with these decisions, complete the following table:

Functions Requiring Agreements	Type of Arrangement	Potential Partners
1.		
2.		
3.		
4.		
5.		
6.		

The information you have developed in questions a to u in Part 3 of this step will help you as you approach other municipalities/organizations to discuss sharing the delivery of services.

Step Four provides you with some tools you can use as you start to think about approaching your neighbouring municipalities to discuss options for sharing services.

Pursuing Option 3 – Municipal Restructuring

If, through the evaluation of your viablity options, the preferred method of local governance is Option 3—municipal restructuring—you will need to identify potential partners (municipal and/or unincorporated areas), contact the Provincial government and the Federation of PEI Municipalities, and begin a process of community consultation.

Potential Partners for Restructuring:

1.

2.

3.

4.

5.

6.

As with the consideration of Option 2 above, the information you have developed in questions a to u in Part 3 of this step will help you as you approach other municipalities and/or areas that are not incorporated to discuss restructuring/amalgamation.

At the end of this Step in the toolkit, the results of the viability analysis together with your conclusions about which sustainability option needs to be pursued should be presented to your Council. Council direction on how to proceed with making change should be obtained. Step Four of the toolkit will provide you with guidance and materials for taking action in cases where change to current arrangements is required.

Route Forward

Choosing a route forward and starting the process

Introduction

The self-assessment in Steps One to Three will have led to conclusions about the viability of your municipality. At the end of Step Three you will have determined either that:

- current municipal arrangements are sufficient to meet the needs of your community; or,
- viability is not certain and change to the operations and/or structure of your municipality is required.

These conclusions should be presented at a meeting of your municipal Council and a decision about how to proceed should be made. This section of the toolkit provides information for moving forward if change is required, specifically:

1. A process for achieving municipal sustainability.
2. Practical information on how to undertake the process.
3. Resources which can assist with the process.

There is no prescribed route forward. The degree to which your municipality and others are involved in the process, and the time needed to undertake the process, will depend on local circumstances. Nevertheless, many of the tools and techniques in this section can be adapted to suit your situation.

PEI municipalities are generally not used to municipal government reform. Changes to local government may therefore (and understandably) be opposed by a range of community stakeholders, and sometimes vigorously.

The following can be expected during any transition process:

First, the process of making change can be complicated and time consuming.

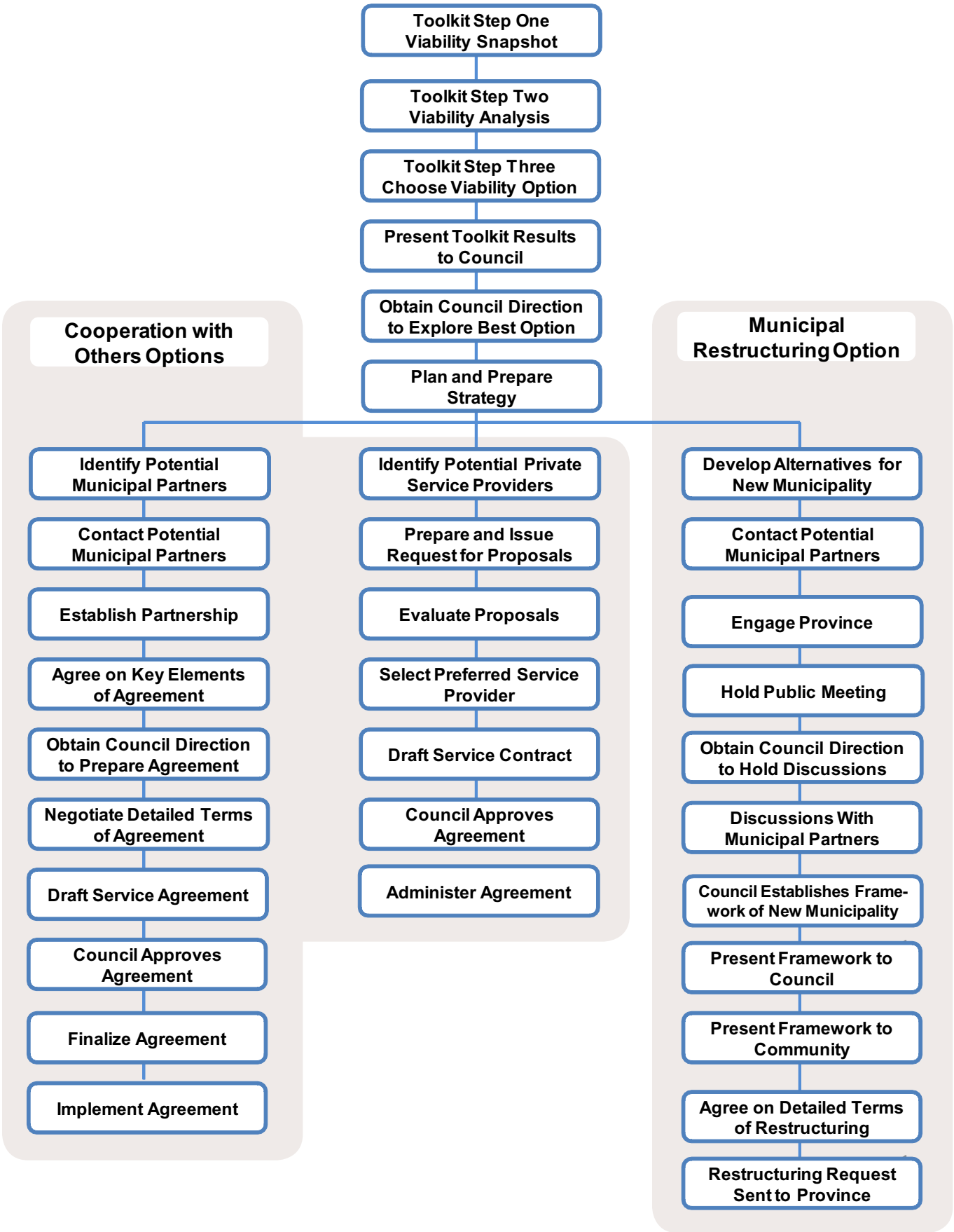
Second, there will be costs involved in implementing the process.

Third, potential cost savings may not by themselves motivate people to support change. For some people, qualitative issues such as the history of the community and community identity are more important than quantitative economic bene□ts.

Finally, the bene□ts of change—for example more e□cient delivery of services and/or cost savings, fewer land use con□icts, better municipal administration, improved emergency preparedness, better protection of the environment, more in□uence for residents in decisions that a□ect them—may not be experienced immediately.

The following diagram illustrates in very general terms the sequence of steps that are required in order to pursue each of the di□erent viability options for your municipality, whether service delivery agreements or changes to municipal boundaries, restructuring with other municipalities and/or unincorporated areas, or a combination of options. The diagram does not show the time it takes to complete each step nor does it establish the priority of steps—this will depend very much on local circumstances.

The steps are described in more detail below.



The extent to which Council and the community will be involved in the process will depend on the length and complexity of the process. Generally, Council will need to authorize moving from one step to the next.

The Process of Making Change

This section discusses the key elements the process of making change towards municipal viability provided in the diagram on the previous page.

It must be reiterated that change in local government should not be started until Steps One to Three of this Municipal Viability Toolkit have been completed and the results presented at a formal Council meeting. An informed decision by Council to explore the best option for viability determined through the toolkit self-assessment will greatly increase the likelihood of success.

A. FORMAL AGREEMENTS

This section discusses the process of striking service delivery and other agreements either with other municipalities or with the private sector.

1. Plan and Prepare Strategy

Once it has been decided that change is necessary, it is time to establish a strategy. The keys to success at this stage will be:

- securing commitment and support from senior municipal sta□;
- selecting a project manager who will guide the process throughout and be accountable for results;
- allocating su□cient time and resources to undertake the process; and,
- gaining awareness of similar experiences with servicing agreements, contracting out services, and public private partnerships, preferably in PEI.

For major servicing agreements, consider the value of hiring a professional to prepare a preliminary cost bene□t analysis or □scal impact analysis so that the economic bene□ts of making change are understood.

By the end of this stage, a clear plan of action should be established. The plan should outline the steps that are required to achieve the desired end result de□ning who will be responsible for the implementing the actions and dates by which they are to be completed. The plan should contain speci□c goals and objectives and a timeframe for achieving them.

2. Identify and Contact Potential Partners and Initiate Discussion

Having established an action plan, the next step is to identify and initiate discussions with potential partners.

Based on the information that your municipality has developed in the earlier steps of this toolkit, you should have some idea of likely partners with whom you would like to engage in discussions regarding the development of inter-municipal agreements, the contracting out of services, or the preparation of policies and plans.

Inter-Municipal Agreements

Initial discussions on inter-municipal service delivery agreements should aim to establish the key elements of an agreement. These would include:

- the service to be delivered or plan to be developed;
- what area is to be covered by the service or plan;
- the overall mechanism of service delivery;
- the resources the participating municipalities might share; and
- the statutory authority under which an agreement could be struck.

Contracting Out Service(s)

Agreements with private sector service providers, including public-private partnerships, can take many forms. Discussions on which form of agreement best suits the needs of your municipality should focus on:

- the service to be delivered or plan to be developed;
- what area is to be covered by the service or plan;
- the municipal role in service delivery (service provider; facility operator; administrator; manager; regulator; funding provider; guarantor)
- the private sector role in service delivery; and
- the statutory authority under which an agreement could be struck .

Once the form of agreement has been decided, a formal tendering process—the preparation and release of a Request for Proposals and the evaluation of proposals—can be initiated. If no suitable proposals are received then either the tendering process should be revised and repeated or the viability of the service agreement option should be reevaluated.

3. Obtain Council Direction to Prepare Agreement

As the elected representatives of the municipality direction from your municipal Council is needed to advance the process at critical stages. For inter-municipal servicing agreements, Council approval should be obtained in advance of negotiating detailed terms.

4. Draft Agreement

Once you have obtained Council approval to negotiate or select a municipal or private sector partner(s), the process of preparing and drafting a service delivery agreement should begin. At this stage, consider the potential value of hiring experts to help with the process. Experts could include mediators for formal negotiations with other municipalities, lawyers to review draft by-laws or agreements, or consultants specializing in strategic planning, master servicing plans, or municipal □nance.

The terms of a draft agreement should address, at a minimum:

a) level of service and service standards to be delivered *
b) the area to be covered by the service;
c) responsibilities for resources (material, vehicles, equipment, infrastructure, human resources);
d) cost sharing arrangements (who pays what) in the case of inter-municipal agreements or public private partnerships;
e) management and administrative responsibilities;
f) □nancial arrangements; and
g) liability.

* Note: Any new services at the community level as well as any capital borrowing require approval by residents.

5. Finalize Agreement

The draft agreement will need to be presented to Council for consideration and adoption. Extensive public consultation need only be considered for agreements of signi□cant consequence to the municipality. For example, if an agreement resulted in a new shared recreation facility then public consultation at key stages of the agreement process would be warranted. An agreement that simply resulted in better customer service in the delivery of similar programs at an existing recreation facility would be unlikely to be improved by public consultation.

6. Implement and Administer Agreement

Service delivery agreements need to be closely monitored to ensure that original agreement objectives are being achieved. Be sure to:

- evaluate the process of drawing up the agreement and identify where improvements can be made; and
- track the costs and bene□ts of the agreement and identify e□ciencies in service delivery when they occur.

B. MUNICIPAL RESTRUCTURING

Municipal restructuring will be more challenging than other viability options. This section discusses the key elements of each step in the municipal restructuring process provided in the diagram on page 3 of this Step of the toolkit.

1. Plan and Prepare Strategy

Planning and preparing a strategy for restructuring is essential. It is at this stage that you will gain a realistic understanding of what lies ahead. Remember that by planning your strategy, you will reduce the amount of time required for implementation.

If the proposed restructuring involves other municipalities, you will need to have some initial discussions with municipalities that you have identi□ed as potential partners in Step Three. There is no use developing and pursuing a restructuring plan, if none of your potential partners are interested. You could informally compare notes and information that you have each developed through the completion of this toolkit. Early contact with potential municipal partners can create trust which will be important as the process moves ahead.

The keys to success at this stage will be:

- securing political will from your municipal council;
- securing commitment and support from senior municipal sta□;
- understanding the political will and sta□ support within any municipalities with which you wish to have discussions;
- selecting a spokesperson who will articulate the objectives of your municipality and have the ability to meet challenges;
- having an open and transparent process where your residents have opportunities to be heard;
- having an understanding of the appetite for restructuring in all areas within the proposed new municipality;
- allocating su□cient time to plan for change;
- evaluating the range of alternatives for a new municipality based on geography, demographics, and □nancial sustainability; and
- gaining awareness of similar experiences of municipal reorganization in PEI and Canada.

You may also wish to contact the Provincial government at this stage to solicit information on statutory requirements, contacts and general tips.

Given the level of complexity and the amount of consultation that will be required, it will be important at this stage to build a team of local stakeholders, including representatives of Council, senior municipal sta, and the community who can act cohesively but also bring di erent perspectives to the table. The team must be dedicated and committed to making the changes that are required. Note that in any restructuring of local government, there will be prominent local stakeholders who are not chosen to be on the implementation team. When this occurs, it is recommended that these people be given the opportunity to participate in the process in some meaningful capacity.

A clear vision and plan, including a range of alternatives for restructuring, should be established in this stage. The vision should be easily understood and realistic. The plan should contain speci c goals and objectives and a timeframe for achieving them.

Selecting new municipal boundaries is the key element of the restructuring process. The maps drawn to identify the community of interest under Step Two of this toolkit are a good starting point. Broaden the input and engage the public to help re ne the boundaries to better re ect the community of interest. When delineating potential new municipal boundaries, also consider natural boundaries, such as watercourses and watersheds, as well as man-made boundaries, such as existing municipal boundaries, the boundaries of communities that aren't incorporated, school districts, re districts, highways, etc.

Build Broad Support for Restructuring

Your restructuring plan will need the support of a range of stakeholder groups to be successful. However, notwithstanding the positive aspects of restructuring, incorporation and/or municipal boundary changes, widespread endorsement from all groups will not be automatic. Some stakeholder groups may not initially understand the need for change. Others may perceive change to be against their interests (whether that is the case or not). Some groups may contain mixed views.

If unincorporated areas are involved, Regulatory and Appeals Commission (IRAC) hearings are required and requirements exist to notify in writing each a ected property.

If all stakeholder groups oppose restructuring, the chance of success is low. If all support it, the transition will be much smoother. If there are only one or two groups which oppose it, their position may be changed by communicating some of the possible bene ts of making change. Understanding the level of commitment for restructuring will help you determine what is required to build consensus.

The table on the following page below provides an example of an analysis that could be used to plan how to build support for the restructuring process. You can set up a similar table to determine the support and challenges a restructuring process may face and to begin to plan e□orts you may take to build support.

In this example, this process involves:

a) Assessing the initial level of support from stakeholder groups. Are groups supportive, undecided, or opposed to restructuring? Assign values in Column A.

b) Evaluating the potential risk that opposition from each group would bring to the process. High risk (for example, in a case where Council was opposed to restructuring) means that restructuring will be extremely di□cult. Low risk means that the restructuring process could be more easily achieved. Assign values in Column B.

c) Determining the level of support or challenge by multiplying value in Column A by value in Column B and listing the result in Column C. This weighting provides an indication of where support for restructuring can be obtained or where more e□orts may be required.

d) Determining measures for mitigating each potential risk. Measures might include stakeholder consultation, education, concessions, or independent analysis of the restructuring plan.

BUILDING SUPPORT FOR RESTRUCTURING				
STAKEHOLDER GROUP	**COLUMN A** LEVEL OF SUPPORT (insert value) SUPPORTIVE (+1) NEUTRAL (0) OPPOSED (-1)	**COLUMN B** POTENTIAL INFLUENCE ON PROCESS (insert value) HIGH (3) MEDIUM (2) LOW (1)	**COLUMN C** TOTAL (Product Column A x Column B)	**ACTIONS**
Council	+1	3	+3	Work with Council members to have them promote restructuring to residents
Municipal sta	0	2	0	Work with sta to help them explore how restructuring could make their jobs easier while still providing excellent services.
Community	-1	3	-3	Develop an eduction campaign and help people understand the bene ts of restructuring. Host public meeting/workshops to get input so people's concerns are heard.
Other municipalities				
Provincial government				
Others				

Address Stakeholder Concerns About Restructuring

Understanding stakeholder concerns about the restructuring process is a critical part of developing a strategy. If only a few concerns exist, and if they can be easily dealt with, the change process is much simpler. If, on the other hand, several concerns present themselves and most cannot be addressed, the level of complexity increases and the likelihood of success is reduced.

As with the evaluation of stakeholder support above, addressing stakeholder concerns involves:

e) identifying potential concerns

f) assessing the importance of each concern to overall success

g) determining mitigation measures

An example of an analysis that can be used to address concerns about municipal incorporation or boundary change is provided below. Some potential mitigation measures are included though the list of measures provided here is by no means exhaustive. You will need to develop a similar table that addresses the particular situation in your area.

ADDRESSING CONCERNS ABOUT RESTRUCTURING				
POTENTIAL CONCERN	LEVEL OF CONCERN (tick one box)			POTENTIAL ACTIONS OR MITIGATION MEASURE(S)
	HIGH	MEDIUM	LOW	
Fiscal				
Cost of restructuring process	✔			Undertake cost bene□t analysis
Fairness of treatment of assets (cash reserves, capital assets)		✔		Commission third party review of plan; arbitration
Fairness of treatment of liabilities (debt)				
Post-restructuring tax burden			✔	Evaluate di□erential tax rates (urban and rural); tax phase-ins
Political				
Weakened political representation		✔		Evaluate ward system; larger council
Loss of local control		✔		Assess suitability of local community boards; local service boards; utilities

Service Delivery				
Loss of services		✔		Provide evidence of potential cost savings; lower taxes; better overall service
Lower service levels			✔	Provide evidence of potential cost savings; lower taxes; more services
Extra cost of unwanted service		✔		Apply user fees, where appropriate
Community				
Weakened community identity	✔			Maintain signage identifying the existing names of municipalities and communities; joint tourist marketing Provide examples of successful restructuring elsewhere (see Resource section at end of Step Four)
Resistance to change				
Proposed Restructuring Plan				
Wrong vision				
Premature		✔		Provide appropriate range of restructuring scenarios for review
Too large				
Too small				
Insu□cient consultation			✔	Conduct more extensive public consultation (see below)

2. Identify and Formally Contact Potential Partners

Having established your municipality's strategy, the next step is to formally initiate discussions with any potential municipal partners that have been identi□ed. Councils could form a joint task force to look at the restructuring process and could also share resources. Depending on the situation, the municipalities could also hold initial public consultation sessions jointly.

3. Public Consultation

Even though public consultation can be a time consuming process requiring a great deal of e□ort, it is absolutely essential during municipal restructuring. People need to be informed about changes that will a□ect them. When consultation is done properly, it can generate ideas that translate into real success. Be aware that consultation does not inevitably result in consensus. Restructuring will be opposed before, during, and after the consultation process. Try to understand where the opposition is coming from and think ahead of time of the questions that might be asked so you will be better prepared to answer people's questions. Successful consultation needs to be carefully planned and managed. You may consider hiring a professional facilitator or planning consultant to assist you with it.

The keys to successful consultation are:

- keep the community informed of what is going on and be open about what you are doing.
- be open to suggestions. If your mind is made up about an issue, there is no value to consultation.
- establish parameters for consultation sessions. Identify clear topics for discussion and objectives for sessions. Have clear rules on civility.
- encourage feedback. Consultation should be an interactive process and stakeholders should be made to feel that they have been listened to.
- be □exible, though within reason. Successful consultation must foster an environment of continuous improvement, where all suggestions are treated seriously. If suggestions are valid, some decisions may have to be reversed or amended.

Who Should You Consult?

Who you consult will depend on the route forward you take. Make e□orts to involve the full range of community stakeholders (rate payer groups, the business community, service clubs, fraternities, cultural and arts associations, etc.). Given that Provincial approval will eventually be required for the restructuring, consider soliciting formal feedback from the Province at an early stage as well.

When Should You Consult?

To maintain credibility, it is important to balance the right amount of participation. You do not need to consult on every issue or on every stage of the process. The key is to keep stakeholders informed and solicit feedback on critical issues. When assessing whether you need to consult with stakeholders, consider the following questions:

- if you were a resident being a□ected, would you like to be consulted on the issue?
- has a commitment been made to consult on this type of issue?
- will this decision a□ect a large number of people?
- if you don't consult, will people speculate about the rationale behind the decision?

- do you have the expertise within the project team to answer the questions?
- do you understand all of the issues?
- have you allowed enough time to engage in a consultation process?
- can you be open about all aspects of the decision?
- are there speci□c questions that you need answered?
- will stakeholders understand why you are looking for feedback?
- are there speci□c expectations or targets which have to be met?

Generally, the two stages in a restructuring process where public consultation is essential are:
- after developing a range of alternatives for restructuring; and,
- after establishing details on a speci□c restructuring framework.

4. Obtain Council Direction

Direction from your municipal Council should be obtained at all critical stages in the process. It is preferable for Council to be given an opportunity to hear stakeholder reaction to a proposal prior to making a decision on a major issue—though this may not always be practical.

At a minimum, Council approval needs to be secured to:
- initiate formal discussions with potential municipal partners; and,
- approve a □nal framework for restructuring.

5. Establish the Framework of the New Municipality

Once you have established a strategy for moving forward, undertaken the necessary preliminary consultation, and obtained Council approval to work toward changing the boundaries of the municipality, the process of preparing and drafting a framework for restructuring should begin. This process must include any municipalities that have been identi□ed as potential partners.

You will likely need experts to help with negotiating detailed terms for restructuring. Experts could include professional facilitators for public consultation, mediators for formal negotiations with other municipalities, lawyers to review draft by-laws, or consultants specializing in strategic planning, accounting, or municipal □nance.

Among the terms the draft framework should address are:

a) category of the new municipality;
b) governance structure of the new municipality (ward, at large, or mixed electoral system; ward boundaries, if applicable; councilors; number of councilors; committees);
c) location of the municipal headquarters;
d) name of the new municipality;

e) service and service level adjustments;
f) □nancial forecast of the new municipality;
g) new tax requirements and implementation plan (phase-in options); and
h) treatment of assets (cash reserves, facilities) and liabilities (debt).

6. Finalize Framework

The framework for a new municipality will need to be presented at a public meeting in each municipality a□ected by the restructuring. This □rst presentation could be followed by a second where feedback from the □rst set of meetings have been incorporated into a revised framework. Municipal Councils need to be kept informed throughout this process.

Once revisions to the draft framework have been agreed, a formal plan for restructuring can be □nalized. Each Council involved in the restructuring will need to approve the plan.

Restructuring will only be □nal upon rati□cation by the Province of the plan.

7. Monitor Results

You and your partners went into the restructuring process with certain expectations. It will be important for the new municipality to monitor progress with respect to those expectations and to make adjustments where required to better achieve the desired outcomes.

Resources

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Legislation

Municipalities Act
Charlottetown Area Municipalities Act
City Of Summerside Act

Other Toolkits and Information Portals

Association of Manitoba Municipalities – Tools for Change
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Cooperation and Partnership Handbook
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By Harry Kitchen, Department of Economics, Trent University
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