Cape Breton Regional Municipality

Viability Study Steering Committee

AGENDA

Tuesday, August 13, 2019
9:30 a.m.

Council Chambers
2nd Floor, City Hall
320 Esplanade, Sydney, N. S.

Committee Members:

Councillor Darren Bruckshaiger, Chair
Councillor Earlene MacMullin
Councillor Eldon MacDonald
Councillor Ray Paruch
Councillor George MacDonald
Citizen Carmen Dunn
Citizen James Kerr
Marie Walsh, Chief Administrative Officer
Jennifer Campbell, Chief Financial Officer
John MacKinnon, Director of Technology, Vice Chair
Ron Dauphinee, Department of Municipal Affairs
Kathy Cox-Brown, Department of Municipal Affairs
Roll Call

1. **Approval of Minutes:** (previously distributed)
   - July 9, 2019

2. **Approval of the Agenda** (motion required)

3. **Viability Study of the CBRM:** Mr. Ricky Soni, Project Manager - Grant Thornton LLP
   a) Highlights of Viability Study and Way Forward – Executive Summary Presentation (See page ___)
   b) **Recommendations Report:** (Attached separately from agenda)

Adjournment
Viability Study of the CBRM:
Highlights of Viability Study and Way Forward

Executive Summary Presentation
August 13th, 2019
Contents

01 Context
02 Executive Summary
03 Competitive Advantage Framework for Recommendations
04 Recommendations
05 Way Forward
Context

Grant Thornton was engaged by the CBRM Steering Committee to assess the future viability of the region given its historic and current trajectory. To provide an estimation of the CBRM’s future state, Grant Thornton worked with CBRM’s project team to develop a project plan that would assess the various aspects of municipal operations, taxation, and infrastructure and investment. The project was segregated into three phases:

- **Current State Analysis of The CBRM**
  The current state analysis included an assessment of municipal taxation (rates and structure), a value for money analysis of municipal spending and expenditures, and an assessment of infrastructure and capital spending.

- **Comparative Analysis**
  The comparative analysis was conducted to provide insights into the challenges and strategies being employed by comparable municipalities relating to municipal taxation, perceived value for money of municipal services and state of municipal infrastructure.

- **Population projections, Viability Assessment and Recommendations**
  The projections and recommendations were developed in order to ascertain different population scenarios of the CBRM going forward, and the impact on overall viability of the CBRM. Subsequently, recommendations were developed for CBRM to increase the likelihood of viability of the CBRM.
Executive Summary

Understanding the drivers and output of this viability study

- CBRM exceeded thresholds established by the provincial FCI tracking index
- Municipal leaders in the CBRM realize the need for both change and consensus
- CBRM cost base appears to be rising faster than its revenues

- Continuously declining population (especially younger population) at ~1 per cent annually
- Extensive area to service and maintain quality of municipal services for such population
- Increasingly growing burden on municipal operating budgets due to factors such as mandatory infrastructure projects
- Capped Assessment Program and its impact on collecting taxes
- Lack of appropriate amount of funding to continue servicing residents, and sustaining municipal programs and services

- Strategic (e.g. Economic Development Plan), Operational (e.g. Partnerships with External Organizations) and Policy related (e.g. Incentives for Urban Residential Development)
- Leverage changes to both industry and the workforce
- Economic development and improvements to human capital need to be a priority
- Improving and facilitating new real property development which will directly impact municipal revenues
Overview of Competitive Advantage Framework
A municipality has both direct and indirect means of influencing the selected areas of competitive position

Competitive Advantage Framework

- The economic productivity and capacity of a region
- The supply, quality, diversity, and competitiveness of the workforce
- Livability
- Economic Health
- Business & Policy Environment
- Human Capital

Municipal Influence on Competitive Advantage

- Livability
  - Direct influence: Livability aspects such as cultural, economic, and social environments
  - Indirect influence: Development of infrastructure and services

- Economic Health
  - Direct influence: Economic growth and development
  - Indirect influence: Development of business and investment climate

- Business & Policy
  - Direct influence: Business policies and regulations
  - Indirect influence: Policy and regulatory framework

- Human Capital
  - Direct influence: Human capital development and education
  - Indirect influence: Support for education and training programs

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Recommendations
The rationale behind these recommendations is to position CBRM as a highly attractive and competitive municipality and to eliminate inefficiencies in delivery of programs and services.

**Strategic**

A. Well-defined Economic Development Plan

B. The Development of a Marketing Strategy with Tailored Value Propositions for Distinct Target Groups

C. Rural Residential Development Plan

D. Expand Seniors Purpose Built Housing and Care Facilities

E. Improve Accessibility to the Region

F. Utilize the Regional Enterprise Network to support skills training, align job seekers with available positions, improve collaboration with higher education institutions, and focus resources on industry specific research and development

**Operational**

A. Consolidate and amend how Fire Services are Delivered and Managed

B. Assess Potential Options for Improving Efficiencies of the Cape Breton Regional Police Services (CBRPS)

C. Develop the Necessary Processes, Systems, and Resources to Foster a Culture of Continuous Improvement within Municipal Departments

D. Explore the Potential Benefits of Partnerships with External Organizations

E. Explore the Benefits and Drawbacks of Transitioning to a Municipal Structure Consisting of Three Districts
Recommendations

Although most of the policy-based recommendations are challenging to implement, they can significantly improve the status quo scenario of CBRM’s viability going forward.

- A. Explore Potential Solutions to Expedite the Processing of Delinquent and Abandoned Properties
- B. Assess and Prioritize Mid-term Capital Needs and Develop a Business Case Process to Request Additional Funding
- C. Implement Property Tax Incentives for Urban Residential Development
- D. Increase International Migration to the CBRM
- E. Continue Exploring Alternative Revenue Sources
- F. Prioritize Capital Spending on Projects that Align with Long-term Strategic Objectives
- G. Explore the Feasibility of Multiple Commercial Tax Categories or Lowering Commercial Tax Rates
- H. Explore Applying the Marketing Levy to Airbnb Style Rentals
- I. Utilize the Nova Scotia Federation of Municipalities to Work with Other Municipal Governments and the Province on a Strategy to Amend the CAP
**Recommendations**

Prioritization of recommendations would primarily be a function of ease of implementation and impact on viability of CBRM.

### Strategic

1. Well-defined Economic Development Plan
2. Marketing Strategy with Tailored Value Propositions for Distinct Target Groups
3. Rural Residential Development Plan
4. Expand Seniors Purpose Built Housing and Care Facilities
5. Improve Accessibility to the Region
6. Utilize the Regional Enterprise Network to support skills training, align job seekers with available positions, improve collaboration with higher education institutions, and focus resources on industry specific research and development

### Operational

7. Consolidate and amend how Fire Services are Delivered and Managed
8. Assess Potential Options for Improving Efficiencies of the Cape Breton Regional Police Services (CBRPS)
9. Develop the Necessary Processes, Systems, and Resources to Foster a Culture of Continuous Improvement within Municipal Departments
10. Explore the Potential Benefits of Partnerships with External Organizations
11. Explore the Benefits and Drawbacks of Transitioning to a Municipal Structure Consisting of Three Districts

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Recommendations
Prioritization of recommendations would primarily be a function of ease of implementation and impact on viability of CBRM.

Policy related
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7. Explore the Feasibility of Multiple Commercial Tax Categories or Lowering Commercial Tax Rates
8. Explore Applying the Marketing Levy to Airbnb Style Rentals
9. Utilize the Nova Scotia Federation of Municipalities to Work with Other Municipal Governments and the Province on a Strategy to Amend the CAP
The Way Forward...

The CBRM should strive to prioritize and build an implementation roadmap for recommendations which are in its control and engage the Province to deeply examine issues which are beyond its control.
## The Way Forward

The implementation roadmap for the recommendations identifies timelines, impact and stakeholders involved.

<table>
<thead>
<tr>
<th>Task</th>
<th>Primary Activities</th>
<th>Accountability</th>
<th>Implementation Complexity</th>
<th>Time Horizon</th>
<th>Approximate Cost</th>
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<tbody>
<tr>
<td><strong>1. Well defined Economic Development Plan</strong></td>
<td>1. Identify internal resources and external partners that will contribute to the</td>
<td>Cape Breton Regional Municipality Regional Enterprise Network</td>
<td>Moderate</td>
<td>Short Term</td>
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<td>development and implementation of the plan</td>
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<td>2. Leverage the completed planning to date to inform the development of economic</td>
<td>Executive team</td>
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<td>opportunities</td>
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<td>3. Develop nearly defined and measurable objectives within the plan:</td>
<td>Executive team</td>
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<td>4. Identify key environmental factors, both internal and external, that will</td>
<td>Executive team</td>
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<td>influence the plan's success</td>
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<td>**2. The Development of a Marketing Strategy with Tailored Value</td>
<td>1. Identify the different groups the CBREM is seeking to attract:</td>
<td>Cape Breton Regional Municipality Regional Enterprise Network</td>
<td>High</td>
<td>Short Term</td>
<td>$9</td>
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<td>Propositions for Distinct Target Groups</td>
<td>2. Understand and synthesize why prospective groups should invest in the CBREM,</td>
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<td>and what unique opportunities the region provides</td>
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<td>3. Collaborate with existing tourism and regional economic development organizations</td>
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<td>to ensure consistency and alignment.</td>
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<td>4. Develop a comprehensive marketing campaign.</td>
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<td><strong>3. Rural Residential Development Plan</strong></td>
<td>1. Review current surplus inventory.</td>
<td>CBRM Administration and Planning department</td>
<td>Moderate</td>
<td>Long Term</td>
<td>$5</td>
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<td>2. Work with the planning department to assess what areas would present the most</td>
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<td>desirable development opportunities that are attractive to prospective</td>
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<td>buyers/operators</td>
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<td>3. Consult with potential developers and builders to assess needs and terms for</td>
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<td></td>
<td>partnerships</td>
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<td>4. Develop and amend zoning to accommodate desired plans.</td>
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<td>5. Confirm conditions for partnership and select suitable partners for</td>
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<td>community development</td>
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<td><strong>4. Expand Seniors Purpose Built Housing and Care Facilities</strong></td>
<td>1. Explore the potential options available to the CBREM</td>
<td>CAO, CBRM Administration, Planning</td>
<td>Low</td>
<td>Medium Term</td>
<td>$56</td>
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<td>2. Review potential locations that align with proximity to essential services and</td>
<td>department, Facilities department</td>
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<td>future development plans</td>
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<td>3. Identify potential partners and issues needed</td>
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<td>4. Create a seniors advisory council</td>
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<td><strong>5. Improve Accessibility to the Region</strong></td>
<td>1. Consult with the airport to assess the process for increasing seasonal low-cost</td>
<td>Port of Sydney Development Corporation</td>
<td>Low</td>
<td>Long Term</td>
<td>$33</td>
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<td>travel and increased cargo traffic</td>
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<td>2. Work with provincial and regional governments to bolster feasibility of</td>
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<td>increasing connectivity via the Sydney Airport</td>
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<td>3. Assess the forecasted costs of implementing or attracting low-cost centers</td>
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<td>during specific events and potential avenues of funding</td>
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<td>4. Assess the projected costs and schedule of repairing and maintaining the rail</td>
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<td>line from Truro</td>
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<td>5. Expand and improve broadband connectivity needs</td>
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<tr>
<td>**6. Utilize the Regional Enterprise Network to Support Skills</td>
<td>1. Develop an organization that consists of members from government, secondary</td>
<td>Cape Breton Regional Municipality Regional Enterprise Network, executive team</td>
<td>Moderate</td>
<td>Medium Term</td>
<td>$5</td>
</tr>
<tr>
<td>Training, Align Job Seekers with Available Positions, Improve</td>
<td>training, secondary education, and the private sector;</td>
<td>consisting of municipal, private</td>
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<tr>
<td>Collaboration with Higher Education Institutions, and Focus Resources</td>
<td>2. Identify current municipal strengths to focus initial investment:</td>
<td>businesses, and education institutions</td>
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<td>on Industry Specific Research and Development</td>
<td>3. Identify potential funding and investment sources;</td>
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</tbody>
</table>
The Way Forward
The implementation roadmap for the recommendations identifies timelines, impact and stakeholders involved

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<th>Implementation Complexity</th>
<th>Time Horizon</th>
<th>Approximate Cost ($ - $$$)</th>
</tr>
</thead>
</table>
| 1. Consolidate and amend how Fire Services are Delivered and Managed | 1. Create a committee consisting of members from various stakeholders within the CBRM and the Fire Department Services group  
2. Confirm the feasible options available to the CBRM regarding consolidation:  
3. Identify the required process for consolidating the roles, people, equipment, and facilities:  
4. Propose a new organizational structure which provides the greatest benefits to the region without disrupting service delivery: | CAO, CFO, CBRM Administration, Fire Department, Executive committee | Low | Short Term | $ |
| 2. Assess Potential Options for Improving Efficiencies of the Cape Breton Regional Police Services (CBRPS) | 1. Work with the CBRPS leadership group to discuss initial options  
2. Conduct a formal review of current and projected policing costs:  
3. Identify and rank potential cost savings opportunities | CAO, CFO, CBRM Administration, Police Department | High | Short Term | $ |
| 3. Develop the Necessary Processes, Systems, and Resources to Foster a Culture of Continuous Improvement within Municipal Departments | 1. Standardization of strategic planning process for all departments:  
2. Performance measures and reporting  
3. Redesign necessary work processes to align activities with outcomes:  
4. Potential incentive and recognition programs:  
5. Asset Management Program: | CAO, Department heads | Moderate | Medium Term | $ |
| 4. Explore the Potential Benefits of Partnerships with External Organizations | 1. Work with internal directors to identify and assess potential opportunities for partnership:  
2. Rank the feasibility and potential benefits of the proposed partnership:  
3. Identify what needs must be fulfilled by the CBRM for successful partnerships:  
4. Approach partners to initiate negotiations: | CAO, Department heads, CBRM Administration | Moderate | Long Term | $ |
| 5. Explore the Benefits and Drawbacks of Transitioning to a Municipal Structure Consisting of Three Districts | 1. Develop a potential model with an amended district representation model to support regional planning:  
2. Survey residents to assess the appetite for the proposed changes: | Mayor & Council, CBRM Administration | Low | Long Term | $$$ |

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The Way Forward

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<th>Time Horizon</th>
<th>Approximate Cost ($ - $SS)</th>
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<tbody>
<tr>
<td>1. Explore Potential Solutions to Expedite the Processing of Delinquent and Abandoned Properties</td>
<td>1. Identify the legal hurdles and barriers that delay the processing of abandoned and vacant homes 2. Assess the current level of resources available to process tax delinquent homes and if additional resources will improve the duration 3. Assess potential options to improve the duration or collections relating to specific homes</td>
<td>Council, CBRM Administration</td>
<td>Low</td>
<td>Medium Term</td>
<td>$</td>
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<tr>
<td>2. Assess and Prioritize Mid-term Capital Needs and Develop a Business Case Process to Request Additional Funding</td>
<td>1. Streamline a process for preparing and submitting business cases to the province for revenue adjustments the CBRM is seeking, the rationale for the adjustment, and the intended use of funds</td>
<td>CAO, CFO, CBRM Administration</td>
<td>Low</td>
<td>Medium Term</td>
<td>$</td>
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<tr>
<td>3. Implement Property Tax Incentives for Urban Residential Development</td>
<td>1. Develop specific grants and tax incentives for development in key urban areas 2. Make necessary amendments to the Municipal government Act to implement the incentives 3. Market and promote the incentives to developers and the public 4. Assess what future growth sectors will create specific labour shortages and needs</td>
<td>Council, CAO, CFO</td>
<td>Moderate</td>
<td>Medium Term</td>
<td>$$$</td>
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<td>4. Increase International Migration to the CBRM</td>
<td>1. Develop specific grants and tax incentives for development in key urban areas 2. Make necessary amendments to the Municipal government Act to implement the incentives 3. Market and promote the incentives to developers and the public 4. Assess what future growth sectors will create specific labour shortages and needs</td>
<td>Council, CAO, CFO</td>
<td>Low</td>
<td>Long Term</td>
<td>$</td>
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<td>5. Continue Exploring Alternative Revenue Sources</td>
<td>1. Assess the current limitations from the Municipal Government Act (MGA) 2. Consult with other municipalities and the Province to discuss best practices and lessons learned through their experiences 3. Incorporate findings into the first iteration of the CBRM Charter to progress ongoing amendments with the Province</td>
<td>CAO, CFO, CBRM Administration</td>
<td>Moderate</td>
<td>Long Term</td>
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<tbody>
<tr>
<td>6. Prioritize Capital Spending on Projects that Align with Long-term</td>
<td>1. List and prioritize the planned five-year capital expenditures that align with determined economic strategies&lt;br&gt;2. Develop a framework for assessing the overall importance and alignment of the projects:&lt;br&gt;3. Align the framework with the CBRM’s financial and strategic plans;</td>
<td>Council, CAO, CFO, CBRM Administration</td>
<td>Moderate</td>
<td>Short Term</td>
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<td>Strategic Objectives</td>
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<td>7. Explore the Feasibility of Multiple Commercial Tax Categories or</td>
<td>1. Request Amendments to the necessary legislation to have further commercial tax categories&lt;br&gt;2. Benchmark tax rates with similar municipalities &amp; conduct consultations with representatives of enterprises with large presence in CBRM</td>
<td>Council, CFO, CBRM Administration</td>
<td>Low</td>
<td>Medium Term</td>
<td>$$$</td>
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<td>Lowering Commercial Tax Rates</td>
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<td>8. Explore Applying the Marketing Levy to Airbnb Style Rentals</td>
<td>1. Request Amendments to the necessary legislation to include any properties operating in the business of rental properties&lt;br&gt;2. Notify the various booking platforms to be collected and remitted on behalf of owners&lt;br&gt;3. Create monitoring systems and controls to ensure compliance:</td>
<td>Council, CBRM Administration</td>
<td>High</td>
<td>Short Term</td>
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<td>9. Utilize the Nova Scotia Federation of Municipalities to Work with</td>
<td>1. Take a leadership role in organizing representatives from other municipalities within the Nova Scotia Federation of Municipalities&lt;br&gt;2. Formalize and implement a phase-out of the CAP:&lt;br&gt;3. Amend proximity rates&lt;br&gt;4. Standardize urban and rural rates&lt;br&gt;5. Slightly increase the base rate to align with the phase-out of the CAP</td>
<td>Council, CAO, CFO, CBRM Administration</td>
<td>Low</td>
<td>Long Term</td>
<td>$$$</td>
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<td>Other Municipal Governments and the Province on a Strategy to Amend the</td>
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<td>CAP</td>
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