

Cape Breton Regional Municipality

Viability Study Steering Committee

AGENDA

**Thursday, September 20, 2018
9:30 a.m.**

**2nd Floor Boardroom, Suite 205
City Hall
320 Esplanade, Sydney, N. S.**

Committee Members:

**Councillor Earlene MacMullin
Deputy Mayor Eldon MacDonald
Councillor Ray Paruch
Councillor George MacDonald
Councillor Darren Bruckschwaiger
Citizen Nicole LaFosse
Citizen Carmen Dunn**

Staff:

**Marie Walsh, Chief Administrative Officer
Jennifer Campbell, Chief Financial Officer
John MacKinnon, Director of Technology**

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Roll Call

1. **Election/Selection of Chair and Vice-Chair:** Deborah Campbell Ryan, Municipal Clerk
2. **Approval of the Agenda** (motion required)
3. **Background Information:** Marie Walsh, Chief Administrative Officer
 - a. **Council Motion of March 7, 2018** (See page 3)
 - b. **Issue Paper – Viability Study** (See page 4)
4. **Draft Terms of Reference -Viability Study:** Ron Dauphinee, Municipal Advisor (See page 6)
5. **Draft Request for Proposals - CBRM Viability Study:** Ron Dauphinee, Municipal Advisor (See page 9)

Adjournment

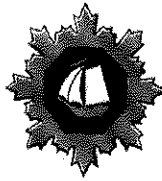
Viability Study Steering Committee:

Motion:

Moved by Councillor Paruch, seconded by Councillor Coombes, that staff be directed to call for expressions of interest for two CBRM citizen representatives to serve on the Viability Study Steering Committee, and that the five Councillors who have volunteered to serve on the Viability Study Steering be appointed same, as follows:

- Councillor Earlene MacMullin
- Deputy Mayor Eldon MacDonald
- Councillor Ray Paruch
- Councillor George MacDonald
- Councillor Darren Bruckschwaiger

Motion Carried.



Issue Paper

DATE: February 21st, 2018
TO: Council
FROM: Marie Walsh, CAO
RE: Viability Study

Background

The Cape Breton Regional Municipality received a letter from Derek Mombourquette, Minister of Municipal Affairs, dated January 25th 2018 indicating the Province of Nova Scotia Department of Municipal Affairs is offering to provide funding to the amount of \$224,000 to support CBRM's economic development efforts. This was to include how the CBRM can address the various issues that are impacting the long term viability in response to **Recommendation 17** of Fiscal Review.

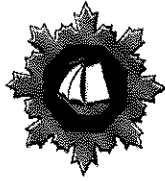
Recommendation 17 states:

"Noting concerns over CBRM's viability, and noting that many options for improved viability available to most of the other municipalities in Nova Scotia (such as shared servicing, structural changes, etc.) are not realistic options for CBRM, it is recommended that the municipality and the Province conduct an immediate joint review to assess the viability issues facing CBRM. This review will make recommendations on how to best address the specific issues facing CBRM, including recommendations on appropriate provincial grants for the municipality."

Along with identifying Recommendation 17, the letter also suggests that the CBRM should look at establishing itself within the Regional Enterprise Network (REN) in order to ensure funding for economic development initiatives for the 2018/19 year. Additional potential deliverables are provided in the attached letter.

Recommendation

The Municipality would establish a steering committee to create a terms of reference and to be an oversight committee for the study. This committee would be made up of DMA, CBRM and strategic members of the community. The study would review items such as taxation, infrastructure pressures, fiscal capacity or any items identified by the committee that affect the viability of CBRM.



Detailed Recommendations:

1. That CBRM undertake a study to satisfy the requirements of Recommendation 17 of the Fiscal Review committee and approved by the Department of Municipal Affairs.
2. That a portion of the funding be used to continue to support the designated economic development agency, Business Cape Breton (BCB), to provide secretariat and support services to the project. BCB would support CBRM in the viability study around public consultation and other logistical requirements. Allocation for this would approximately \$34,000 and would keep BCB operational until March 31st as per attached.

Suggested Motion

The CBRM agree with the above recommendations and direct staff to undertake the viability study based on the terms described.

Respectfully,

Marie Walsh, CAO
CBRM

Terms of Reference

Official Name

The Committee shall be known as the CBRM Viability Study Steering Committee.

Background

The CBRM is facing several real challenges and municipal representatives have been asking for a viability study in recent years. The Provincial Municipal Fiscal Review also included a recommendation (Recommendation 17) to conduct a joint viability review of the municipality. It is proposed that a performance audit and an evidence-based review of the strengths, weaknesses, and limitations of the CBRMS tax base and tax rate structure be conducted. In January 2018, the Department of Municipal Affairs provided \$224,000 for the purposes of rejoining the REN Program, and completing a tax base viability study, among several other initiatives.

The CBRM is experiencing a population decline at a rate of roughly 1% per year – a trend that has been occurring for at least a generation. As well, compared the Provincial average, the residents of the CBRM have lower average household incomes, participate less in the workforce, and face a higher rate of unemployment. They are also facing significant infrastructure challenges, as they manage a municipality that was originally built to meet the needs of a larger population, and at the same time, must make significant investments in new wastewater collection and treatment infrastructure to meet environmental regulations by 2040.

According to common financial metrics used by the Province to assess the health of municipalities, the CBRM has above average assessment base growth and they appear to have limited tax effort.

Objectives and Deliverables

The objective of this work is to oversee the development of a comprehensive and authoritative shared body of information from which decisions can be made about how to ensure that the CBRM is able to operate in a sustainable manner.

The deliverable shall be a comprehensive report that:

- Describes the current state of the tax base, tax rate structure, tax burden and tax effort of the CBRM, at a community level, where possible.
- Describes and explores the other sources of revenue the CBRM collects and has access to.
- Provides a value-for-money assessment of the CBRM's budget expenditures along departmental and project/functional lines.
- Explores of the degree to which the CBRM has consolidated and coordinated its operating, program and infrastructure expenditures, given its status as a regional municipality.
- Describes, with appropriate context, of how the CBRM is positioned relative to comparable municipalities, along measures of tax base, commercial vs residential assessment, tax burden and tax effort, budget expenditures, and infrastructure deficit.
- Recommendations for potential changes to the tax structure, budget items, budgeting approach, municipal programs, operations, or governance necessary to improve the viability of the CBRM over the medium to long term. These recommendations should be informed both by

jurisdictional work, performance audit results, and financial/demographic modeling and information.

Members/Composition

The Committee shall consist of:

- 2 Provincial representatives from the Department of Municipal Affairs;
- 3 Councillors from the CBRM Council;
- 2 CBRM staff representatives; and
- At least 2 representatives from the public at large

Note: From time to time the Committee may invite subject experts and specialized resources to aid the committee in meeting its mandate. Persons other than Committee members may, with permission of the Committee, attend any meeting for the purpose of providing information, making a submission or providing feedback. Such persons may, with the permission of the Chair, speak on an issue but are not involved in the decision process.

Term of Membership

1. This is an ad hoc committee; once the work is completed the term of office expires.
2. The term of the work is anticipated to be complete by December 2018.

Meetings

Every attempt will be made to schedule meetings at least 7 days in advance, meetings shall be as required.

A face-to-face meeting can be cancelled by the meeting Chair if:

- All issues on the agenda can be addressed by phone, fax, or e-mail consultations.
- The meeting is purely for information sharing with no consensus building or
- decision-making necessary and the same result can be achieved by sending e-mails to everyone.
- The majority, especially key decision makers, are not available for the meeting.
- Bad weather or other unforeseen circumstances

Attendance

If committee members are unable to attend, they must notify the CBRM office.

A member of the Committee, who without leave of the Committee, is absent for three consecutive regular meetings of the Committee may be requested by the Committee to vacate his/her position.

Quorum

A Quorum shall be 50 percent of Committee members plus 1 Provincial representative.

Decision Making

The members of the Committee shall make every effort to come to consensus during the decision-making process. The Committee will use consensus decision making to facilitate better decisions through:

- including the input of all Committee members;
- including and respecting all parties, and generating as much agreement as possible;
- setting the stage for greater cooperation in implementing the resulting decisions;
- promoting atmosphere that fosters group cohesion and interpersonal connection.

When the Committee members cannot reach an agreement, the Committee may have a motion put forth which requires a vote to be taken. Provincial representative support will be required for a vote to pass.

Request for Proposals – CBRM Viability Study

Overview

A Joint committee of the Cape Breton Regional Municipality and the Department of Municipal Affairs – The CBRM Viability Study Steering Committee – are seeking a consultant to conduct a tax and budget study of the CBRM. The objective is to provide context to ongoing discussions on the state of the CBRM's fiscal capacity, fiscal potential, the efficiency and effectiveness of core services of the municipality, and the overall viability of the Municipality. The project proponents are looking for a detailed assessment of the financial state of affairs in the CBRM, a performance audit of the CBRM's operations, a revenue and cost comparison to similarly sized municipalities elsewhere, and a determination of what changes might be necessary to improve the overall viability of the CBRM's circumstances.

Scope of Work

The scope of work will include:

- An exploration of the strength of the CBRM property tax base by type of property and community – as defined by the current tax rate structure. This work should explore assessment trends over the past 10 years and the drivers of growth or decline. The work will further explore the tax levy derived from the property tax base in the CBRM, on a community level, with a focus on tax burden and tax effort (taking into consideration the impact of the low-income tax rebate program).
- A value-for-money assessment of the CBRM's budget expenditures along departmental and project/functional lines.
- Explores of the degree to which the CBRM has consolidated and coordinated its operating, program and infrastructure expenditures, given its status as a regional municipality.
- An analysis of the tax rate system used in the CBRM. There are many area rates that are used in different communities across the region. An exploration of the source of the different rates and a rationalization of the rate structure should be conducted.
- A jurisdictional scan looking at municipalities of similar size or composition to that of the CBRM. This exploration will include – to the greatest extent possible – an exploration of tax base strength, tax burden and effort, and grants from senior levels of government. It will be important to differentiate how the responsibilities of municipalities in different provinces differ from those in Nova Scotia when considering the role that grants play in municipal budgets.
- Ten and 20 year projections along various demographic and financial measures assuming, at a minimum, the CBRM pursues a status quo approach, faces an acceleration in the rate of population decline, or modestly reverses the trend of population decline. The Proponents will then engage in a back-casting exercise to explore the decisions made by council and the external circumstances that led to these various outcomes.
- An exploration of the competitive advantages that the CBRM has relative to other Island municipalities, and Nova Scotia more generally.
- An estimation of the infrastructure deficit facing the CBRM, including the cost of necessary infrastructure that does not yet exist (i.e. the wastewater infrastructure necessary to meet CCME regulatory requirements).

A package of all data, models and jurisdictional work used to complete the report, including appropriate explanatory materials or training (as necessary) to ensure reasonable knowledge and capability transfer to CBRM/DMA staff will also be required.

Reporting Structure

A Project Steering Committee comprised of members of the Department of Municipal Affairs, the CBRM Council and staff, and members of the public, shall oversee the project. The Project Steering Committee shall appoint a “Project Manager” as the primary liaison/contact with the successful proponent.

The successful proponent will assemble a “Project Team” for this assignment and appoint a “Project Lead” who will liaise with and report to the Project Steering Committee through its Project Manager and/or the Project Steering Committee, as appropriate.

Deliverables and Timeline

The key deliverables that result from this project shall be a report:

- A Description of the current state of the tax base, tax rate structure, tax burden and tax effort of the CBRM, at a community level, where possible.
- A value-for-money assessment of the CBRM’s budget expenditures along departmental and project/functional lines.
- A description, with appropriate context, of how the CBRM is positioned relative to comparable municipalities, along measures of tax base, commercial vs residential assessment, tax burden and tax effort, budget expenditures, and infrastructure deficit.
- An exploration of the degree to which the CBRM has consolidated and coordinated its operating, program and infrastructure expenditures, given its status as a regional municipality.
- Identify potential changes to the tax structure, budget items, budgeting approach, municipal programs, or Provincial government supports necessary to improve the viability of the CBRM over the medium to long term. These recommendations should be informed both by jurisdictional work, performance audit results, and financial/demographic modeling and information.
- A package of all data, models and jurisdictional work used to complete the report, including appropriate explanatory materials or training (as necessary) to ensure reasonable knowledge and capability transfer to CBRM/DMA staff.

Conflict of Interest

Proponents must indicate if a conflict of interest exists and must provide a statement providing a full and complete disclosure in writing if there is a conflict of interest.

The Project Steering Committee reserves the right to disqualify any proponent that in its sole opinion has an actual or potential conflict of interest, whether existing now or is likely to arise in the future, or may permit the proponent to continue and impose such terms and conditions, as the Project Steering Committee in its sole discretion; may require.

Proposal Evaluation Criteria

Proponents must provide a response to each of the following evaluation criteria:

- Understanding of the project requirements
Provide an overview (maximum one page) that articulates your understanding of and familiarity with the role of municipalities in Nova Scotia, including specific responsibilities and the opportunities and challenges faced by communities outside of HRM.
- Experience and capabilities
Provide a brief description of three (3) previous projects that have similarity/relevance to this project. Include a current reference for each with contact information.
- Description of the project team
Provide a list of your proposed Project Team for this assignment, identifying the Team Lead. Indicate each person's anticipated role/title and their area(s) of expertise relevant to this project, e.g. tax/financial/data analysis, engineering and financial support models/programs. Resumes should be attached.
- Approach/Methodology
Provide an overview (maximum three pages) of your approach/methodology for this project. Be sure to highlight what you believe to be unique and/or added-value attributes
- Work Plan and Schedule
Provide a work plan that identifies project components and includes anticipated input hours for each applicable team member. Also provide a project schedule in Gantt chart (or similar) format
- Price
Provide a detailed proposed project budget that identifies any and all anticipated costs that the proponent would normally expect to incur during the term of the contract, if its proposal is selected.
Proponents must provide the Proposal Price (net of all applicable taxes) and Total Proposal Price (including all applicable taxes) for completion of the work. The hourly or daily rates and the hours or days committed must be outlined. The proposal price will be a fixed price for completion of the work described. The hourly or daily rates may be used for any negotiated extension of the work to be performed. A schedule of expected installment payments shall also be included
Note: CBRM shall hold back 20% of the Proposal Price pending receipt by the Project Steering Committee of a satisfactory FINAL Report.

Submission Procedures

TBD

Proposal Evaluation

TBD

Available Background information

A library of information is already available/ or will be made available to the proponent to determine current trends in municipal government in Nova Scotia, and establish a statistical baseline of municipal budgets and property values, among other things.

Suggested resources include:

The Department of Municipal Affairs will be able to provide provincial and federal funding values, tax base (historical and current) information for all properties, as well as historical budgetary information for the CBRM and any other municipalities in Nova Scotia that the proponent feels to be necessary.

CBRM staff will provide program information, budgets and usage rates for all programs the proponents require.

Any recently completed studies including the Final Fiscal Review Report, the Recreation study completed by the CBRM, and the results of the wastewater study currently underway, once it is completed.

Statistics Canada – community-level income data may need to be purchased.

