

**To:               Members of Council**

**Re:               Regional Reform**

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**AIM**

To discuss the Regional Reform initiative, potential options and implications of Regional Reform and to provide City Council with an opportunity to submit comments on this initiative.

**BACKGROUND**

On January 15, 2019 the Ontario Government announced that it is moving ahead with a review of Regional Government. Two special advisors have been appointed to consult broadly over the coming months and provide recommendations to improve governance, decision-making and service delivery. Recommendations to the Ontario Government in these areas are expected by early summer of this year.

The last review of municipal governance occurred approximately 20 years ago pursuant to the *Savings and Restructuring Act*, 1996. There was significant municipal restructuring across Ontario at this time. In Oxford the County retained KPMG to undertake a restructuring and rationalization of services study. The number of County, City and Township Councillors was reduced as a result of the governance recommendations from this study. There were 11 municipal services studied as part of the rationalization of services portion of the study. These 11 services were subjected to the triple majority process and generally resulted in the migration of tourism and waste collection to the upper tier (subject to contracting for service to Woodstock and South West Oxford). The County did not properly assume the authority for waste collection which is the reason why the Municipal Act does not assign exclusive authority to the County for this service. The review also identified significant cost savings in rationalizing the dual road authority system (ie County Road Authority for County Roads and Municipal Road Authority for Local Roads). Devolution of the road program to area municipalities was estimated to generate the highest savings followed by the County contracting road maintenance for County roads to the lower tiers. Rather than implement one of these recommendations the decision was to pursue a “Cooperative and Innovative Services Model” which provides for joint purchasing, route optimizations and co-operative capital planning.

Province wide the stated objective of finding savings and efficiencies through this last municipal government restructuring was not achieved. The appended article, *“Amalgamations brought fewer Ontario cities, but more city workers”* by Wendy Gillis, January 13, 2014 provides observations and analysis of municipal government ten years after the amalgamations. *“The conclusion is very strong: amalgamation didn’t reduce the size of municipal government”* and *“The results show that municipal public sector grew, both in employment and cost, and expanded at a faster rate than it had in the decade before amalgamations”*.

What can be learned from this experience is that there are certain services which are best delivered at a local scale and there are other services which can be better delivered on a wider geographical scale.

## **COMMENTS**

The current Regional Reform initiative is two pronged with the first area focusing on governance and structure and the second area on service efficiencies and service quality improvements.

### **Governance and Structure**

Oxford County is first and foremost a rural County. The most significant force of change is the rapid growth of the City of Woodstock. The demand for growth opportunities should be expected to strengthen in the future; the difference will be that these opportunities will emerge and/or strengthen in other serviced communities in the County. This Regional Reform initiative should look ahead to the Oxford 20 years from now and what structural changes will best serve the taxpayer over these years.

Oxford County has a two tier government structure. Oxford County is a Regional Government but is essentially a servicing sharing organization that delivers services that are best managed on a larger geographical basis. One landfill for the entire County is a good example of a service that is best shared on a wider geographical basis.

Several alternative governance structures can be considered and are summarized below.

#### **One Tier**

The services delivered by the three urban municipalities and five townships are devolved to one level of government; presumably the County of Oxford under this option.

Based on the experience of amalgamations from twenty years ago, there should be no savings anticipated over the long term and any cost efficiencies related to one tier government will be eroded. This erosion will stem from the fact that some lower tier municipalities are unionized and others are not. There will be pressure to unionize with the County as one employer. Woodstock is the only municipality in the County with exclusively career firefighters and all other lower tier municipalities use volunteer firefighters. There will be similar pressure to migrate to the more costly career firefighter model.

The rural/urban service needs differ and there will be pressure to standardize services resulting in increasing cost. There is also concern that there will be pressure to standardize levels of service at a lower level than currently established in urban areas.

Decisions regarding matters such as zoning are best made at a local level where each Councillor voting on an application is elected to the community in which the application is made. Economic development is also best managed at a local level where competition drives decisions.

The Oxford Community Police Service (OCPS) can be considered a pilot project of one tier government. OCPS provided police services to the City of Woodstock, the Township of Blandford Blenheim, the Township of East-Zorra Tavistock and the Township of Norwich. This partnership disbanded in 2009 due to concerns over service levels and service costs.

Staff do not believe that a one tier system of government is appropriate for Oxford County.

### **Two Tier with Possible Lower Tier Boundary Realignment**

A service rationalization review with consideration for lower tier boundary realignments is an option for consideration.

Staff suggest that this option be supported for further consideration.

### **Separated City(s) & County Amalgamation**

This option considers creating a separated City status for some or all of the urban municipalities in the County and amalgamation of the County of Oxford with the County of Elgin, County of Middlesex and/or the County of Perth. Stratford and St Marys in Perth County are separated cities as is the City of St Thomas in Elgin County and London in Middlesex County. Service sharing agreements exist in Elgin, Middlesex and Perth Counties with their urban counterparts for various services.

The County of Oxford recently devolved Public Health to a new organization that serves both Oxford and Elgin Counties. Clearly, Public Health has emerged as a local service that is better delivered on a broader geographical basis than the current County boundaries. This option takes this example one step further to consider whether there are more services offered by the County that could be better delivered if moved to a larger geographical area.

This option has merit but brings greater difficulties to implement given that Elgin, Middlesex and Perth are not currently part of the Regional Reform initiative.

### **Service Efficiencies and Service Quality Improvements**

There has always been a practice of resource sharing, working cooperatively and partnerships in the delivery of municipal services in the County. This sharing occurs both informally and contractually. The Regional Reform Initiative is an opportunity to consider “who does what” in the context of what is best for the taxpayer having regard for what we think the needs of Oxford residents and businesses will be 20 years from now. This is a challenging, yet intriguing question and there will be different perspectives. From the perspective of the City of Woodstock Staff suggest the following as services to be considered for changes.

### **Consent and Subdivision Approval**

Land division responsibility currently resides with the County of Oxford. Consent applications are approved by a Land Division Committee which is appointed by County Council. Subdivision planning applications are approved by County Council. Public

meetings for both consent and subdivision applications occur at the City and then duplicated at either Land Division Committee or during Committee of the Whole at County Council. The public perceives that the public meeting held at the City is the statutory public meeting, but it is not. A local municipality is the decision making authority for zoning bylaw changes and Staff see no reason that Land Division decisions (consent or subdivision) should be different.

Staff suggest that these authorities should be transferred to the lower tier municipalities.

## **Water Distribution and Wastewater Collection Services**

The City recommends consideration be given to affecting a shared authority to the City for water distribution and wastewater collection services within the City. The City currently provides maintenance services and capital replacement under contract to the County. The intent is to affect the following functions by granting shared authority to the City of Woodstock to:

- Independently approve wastewater collection and water distribution infrastructure to support economic development opportunities.
- Independently fund the cost of extensions to these systems.
- Independently approve operating and capital budget for this infrastructure.
- Pass a development charge bylaw for such infrastructure.
- Implement a one window approach to development approvals.
- Have the same status as other lower tier municipalities.

Successful economic development often hinges on the ability to provide information, servicing and upgrades in a guaranteed timely fashion. It is one of the most important development tools available.

Staff suggest that wastewater collection and water distribution be considered for non-exclusive status in the Municipal Act.

## **County Roads**

The KPMG study undertaken by the County during the last governance and service review in July of 2000 estimated savings of approximately \$1.2 million if the County contracts road maintenance to area municipalities. Intuitively this estimate seems conservative considering the savings from eliminating the duplication of road patrol yards and equipment. This operational model exists in Elgin County and in the urban municipalities of Oxford County. Capital road reconstruction remains a county responsibility under this model.

The additional responsibility of County roads for a Township will result in more staff for the Township and less staff for the County. Township staff deliver services beyond roads and these additional staff will help support Township services when needed unlike a County roads employee.

Staff suggest that a devolution of County roads maintenance to all area municipalities be considered and that Lower Tier Municipal Councils request reports from their staff exploring the pros and cons of providing maintenance services on County roads under contract to the County.

## **RECOMMENDATION**

That Woodstock City Council support the transfer of Consent and Subdivision approval authority to the City of Woodstock and that water distribution and waste water collection become a non-exclusive sphere of jurisdiction in Oxford County;

AND FURTHER that the following resolution be adopted by Woodstock City Council:

WHEREAS the Ontario Government has begun a Regional Reform Initiative that includes Oxford County;

AND WHEREAS the City of Woodstock opposes a one tier governance structure in Oxford County as it will not result in better decision making, will not result in improved services and will not provide cost efficiencies;

AND WHEREAS the City of Woodstock supports the continuation of a two tier governance structure and prefers to develop a "Made in Oxford" solution by looking at service rationalization and realignment;

NOW THEREFORE BE IT RESOLVED that Woodstock City Council requests County Council to facilitate and coordinate a process for developing a two tier "Made in Oxford" solution and that this report be circulated to all Oxford County Municipalities for consideration of endorsement;

AND FURTHER that this report be forwarded to the Ministry of Municipal Affairs, the Oxford Member of Provincial Parliament and the Regional Reform Special Advisors.

*David Creery, M.B.A., P. Eng., Chief Administrative Officer*

## News / GTA

**Amalgamation brought fewer Ontario cities, but more city workers, report finds**

New analysis finds local governments actually grew bigger, faster, after Mike Harris's so-called Common Sense Revolution, which massively restructured Toronto and other cities with the aim of reducing costs.



JOHN MAHLER FILE PHOTO

New research by a professor at Western University shows that the Common Sense Revolution espoused by former Ontario premier Mike Harris, seen here in a portrait from 1994, was unsuccessful in reducing the size of municipal government.

By: **Wendy Gillis** News reporter, Published on Mon Jan 13 2014

It was dubbed the Common Sense Revolution — Progressive Conservative premier Mike Harris's 1995 campaign to slash the province's bloated public sector through massive municipal government restructuring, to the tune of \$250 million in taxpayer savings.

But new analysis has found that while **amalgamation** technically decreased the number of municipalities in Ontario — down from 850 to 445 — and 23 per cent of elected official positions were axed, more people than ever are working in Ontario's municipal governments.

"The conclusion is very strong: amalgamation didn't reduce the size of municipal government," said Timothy Cobban, political science professor at Western University and lead researcher.

Cobban and his team crunched government data, including Statistics Canada numbers for 15 years before and after the provincial amalgamation, to determine just how much sense Harris's plan made in the long run.

The results show the municipal public sector grew, both in employment and cost, and expanded at a faster rate than it had in the decade before amalgamation.

From 1981 to 1996, Ontario's municipal governments grew by 23.9 per cent overall, adding 39,191 jobs. During the 15 years post-amalgamation, from 1996 to 2011, they grew by 38.8 per cent, adding 104,200 jobs. In total, about 270,000 people work in the municipal public sector in Ontario today, compared with 160,000 people in 1995.

That has translated into a sizeable spending spike: in 1981, Ontario spent just under \$200 million on local government salaries and wages. By 2011, that number had increased to \$750 million.

The rising number of government workers is not explained by population growth, Cobban says: The statistics show that in 1990, there were 15.8 municipal workers per thousand residents, while in 2010 there were 20.9 workers per thousand.

Cobban attributes this expansion to several other factors.

First, when municipalities merge, there will inevitably be jobs created in some fields. For instance, if suburban and urban areas merge, new firefighters will probably need to be hired, because the suburb may have previously had a part-time or volunteer department.

"Typically, as they get merged into a city, you end up with a full-time fire department and various other services," said Cobban. "There's upward pressure on services as people in one area of a city will understandably demand comparable services as people on other sides of the city."

Amalgamation also tends to hike wages for public-sector employees, since merging of collective bargaining units usually means compensation is harmonized upwards, Cobban said.

Growth can also be partly explained by the so-called "downloading" of provincial responsibilities onto municipalities that occurred under the Harris government, including social assistance, public housing and public health.

For instance, in 1991, just 3.4 per cent of Ontario's municipal government workers were employed in social services. By 2011, that number had more than doubled, to 7.8 per cent.

But numbers also increased in areas unaffected by downloading, including administrative roles such as clerks and treasurers, Cobban found.

"This is a significant finding because the ( Common Sense Revolution ) platform sought to reduce the number of administration roles . . . by reducing the number of municipalities, but this did not occur," Cobban wrote in a preliminary report on the research, prepared for a recent presentation to Hamilton's city council.

The findings don't necessarily mean amalgamation as a whole was a failure, Cobban said. Though it's clear it didn't achieve its stated goal, it may have produced municipalities that are stronger and better run, he said.

"We're agnostic about the conclusion, about whether it's good or bad on its own," he said.

Andrew Sancton, Western University professor and author of *Merger Mania: The Assault on Local Government*, said he was not surprised by the findings.

Sancton was hired by the pre-amalgamation city of Toronto to prepare a rebuttal to the province's report, prepared by KPMG, which said the changes suggested in the Common Sense Revolution would save money.

Based on academic research and real-world examples of other amalgamated cities, Sancton's report found that there wasn't a strong argument to be made for economies of scale — that is, that costs decrease when operations grow. Sancton found that there weren't many economies of scale in services that were not already amalgamated in Toronto and other cities.

It also foreshadowed Cobban's findings, saying wage and service levels were likely to increase.

"All the evidence was that there was little or no prospect of saving money," he said.

Chris Stockwell, a member of the Harris government during amalgamation, said he was opposed to it from the beginning. He claims there was little discussion about its implications before the idea was launched into the public realm during the 1995 election.

"Listen, I'm a big fan of the Harris government; we made some good decisions, but this one . . . it just came out of the air," Stockwell said.

A politician who worked in local, regional and then provincial government, Stockwell felt government grew less connected to constituents the bigger it got, and that small governments are the most efficient.

Doug Holyday, former Toronto deputy mayor and now the MPP for Etobicoke-Lakeshore, was Etobicoke's mayor during the push for amalgamation, and was in the minority among GTA mayors when he did not oppose it.

At the time, it seemed there was logic in fusing the numerous clerical offices, fire departments and more, and he was seeing similar moves in the corporate world.

"There were companies amalgamating throughout the world that were doing it, for good reason, and I thought those good reasons should apply here," he said. But he's not surprised to learn the size and cost of municipal governments in Ontario is larger than ever. "I watched it happen," he said.

A major problem was the lack of political will on the part of municipal leaders, who did not strongly enforce cuts in the number of jobs in their offices by getting rid of redundant positions, he said.

"Bureaucracy just by its nature grows, unless it's fought with," Holyday said.

Cobban's team also found that Ontario has more municipal government workers than any other province. Forty-three per cent of all municipal employees in Canada work in Ontario — a disproportionately large share, says Cobban, since Ontario has only 38 per cent of the country's population.



Researchers also found a shift in government employment in Canada in general. In 1981, the largest portion of government workers were federal, followed by provincial workers, then municipal. By 2000, that structure had become bottom heavy, with 43 per cent of public-sector employees in Canada working for municipal governments, followed by the federal then provincial governments.

**Amalgamation, by the numbers**

Number of municipal workers in Canada in 1981: 270,000

Number of municipal workers in Canada in 2011: 580,000

Percentage of Canadian municipal workers employed in Ontario: 43

Percentage of Canadian population living in Ontario: 38

Local government employees per 1,000 people in 1990, in Ontario: 15.8

Local government employees per 1,000 people in 2010, in Ontario: 20.9

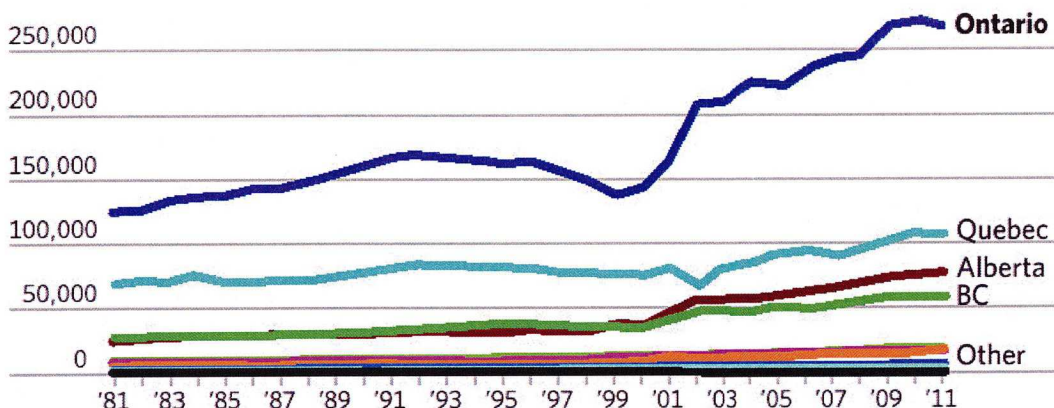
## Post-amalgamation views

The Tory government in the late nineties pushed amalgamation on several communities in Ontario, including Toronto, arguing the move would cut the size of government. But a Western University study has found that while amalgamation lowered the number of municipalities in Ontario it did not cut the number of public sector employees.

### Local general government employment in Canada, by province

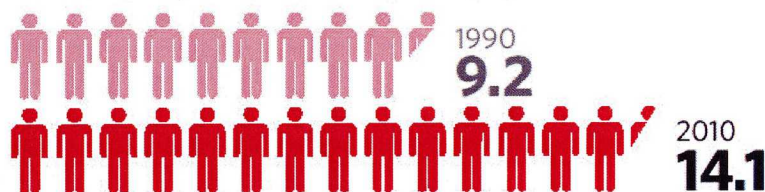
TOTAL NUMBER OF PERSONS EMPLOYED

300,000

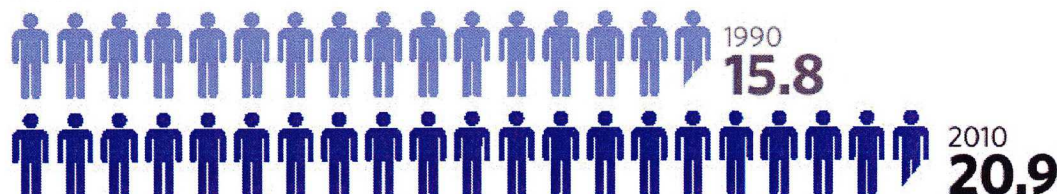


### Local general government employees per 1,000 persons

AVERAGE CANADIAN PROVINCES



ONTARIO



SOURCE: Statistics Canada; Timothy Cobban, Western University

TORONTO STAR GRAPHIC

**Note - January 13, 2014:** This article was edited from a previous version.