



DEPARTMENT: Administration	REPORT NO. 2020. 26CS
DATE PREPARED: May 14, 2020	MEETING DATE: May 27, 2020
	NO. OF PAGES: 8 incl. attachments
SUBJECT: Amalgamation Matters	

RECOMMENDATION

For Council discussion and direction

PURPOSE

To update Council on amalgamation exploration and seek feedback/direction

BACKGROUND

After considering Conmee's request to explore amalgamation in closed session on April 14th Council directed me to look into it.

REPORT

I talked with the Mayor and suggested she and I have a meeting with Conmee Mayor Kevin Holland on amalgamation. I prepared a brief document outlining some amalgamation topics and sent them to the Mayors prior to the meeting.

The meeting took place on May 6th in the Murillo Hall. Rosalie Evans, who had been engaged by Conmee, also attended. During the 3 hour meeting various aspects of amalgamation were discussed. Subsequently I expanded the original document and sent it to the other May 6th meeting participants for input. After receiving their feedback I revised it. The revised document attached was also sent on May 14th to Kevin and Rosalie. Kevin indicated he would take the document to Conmee Council.

At this meeting Lucy and I would like Council's feedback on the document and any other input on amalgamation. I think we should continue to explore amalgamation with Conmee and want Council to realize doing that will require more time and effort of our employees and Council Members. If Council is not interested in further exploring amalgamation we should extricate ourselves from the agreement to perform administrative services for Conmee as soon as possible. If Council is agreeable with continuing to explore amalgamation it should issue a notice of direction to the Mayor to join me in that endeavour.

PREPARED BY: _____
Wayne Hanchard, CAO/Clerk

The first version of this document was used to guide an initial meeting of Conmee and Oliver Paipoonge (OP) representatives on May 6th (Conmee: Mayor Holland and Rosalie Evans; OP: Mayor Kloosterhuis and Wayne Hanchard). Thereafter the document was revised based on the meeting discussions and some info was added and/or updated. The same document is being presented to the Conmee and OP Councils before the end of May 2020 for review, comment and support, after which further preparatory work on amalgamation would occur.

INTRO: Objective, Public Engagement, Council Authority, MMAH Approval & Timeline

- There needs to be benefits for both municipalities
- Some benefits are easy to identify and quantify, e.g., admin staff reductions, 5 rather than 10 council members, fewer software subscriptions, etc., while some are hard to identify and quantify, e.g., less fuel if winter maintenance for Kakabeka done from Conmee PW Garage, reduction in insurance premium – premium for the amalgamated municipality will be less than it is for the municipalities, fewer equipment purchases for PW and Emergency Services, etc.
- An analysis needs to be undertaken and a document with a “plain language” description of the benefits needs to be prepared
- To engage the public letters would be mailed out to all residents of both municipalities briefly describing amalgamation while detailed info would be posted on websites
- Alternate sources of information would also be required for people either without access to internet or for those uncomfortable with internet, e.g., an insert for or special edition of the newsletters
- MMAH requires at least one public meeting and it can be a joint meeting; if current COVID-19 restrictions remain in place it would be a virtual public meeting (that could be done even if an in-person meeting format is allowed)
- It may be worthwhile having meetings in each municipality before the joint meeting since residents of either community might not be comfortable addressing concerns in front of residents of the other
- If separate meetings are done, the comments received could be processed and responses developed in preparation for the joint meeting; CONSTRAINT: there is not a lot of calendar time if Jan. 1/21 is the target date
- No plebiscite is required; Councils need to approve a proposal to be submitted to MMAH
- Minister issues an order for the amalgamation to be implemented
- Official date would be Jan. 1/21, but important to get done earlier, e.g., Sept. 1/20 or Oct. 1/20, so steps can be taken for OP to do Conmee administration more easily in short term and make preparations for New Year

Various Topics:

Asset Management

- Complete and reliable inventories of assets are required
- As much as possible info on condition of assets is needed

- Both municipalities used Public Sector Digest to prepare asset management plans in the past
- Public Sector Digest offers Citywide asset management software
- OP has various Citywide asset management software module; specifics on Conmee setup are being sought at this time

Cemeteries

- OP has policy to try to keep non-resident interments out of Stanley Hill cemetery
- Conmee does the same with its Cemetery
- There may be different policies and fees in each cemetery
- Over time it would be best to have the same policies and fees
- There should not be any significant issues with cemeteries

Community Halls

- There will be three: Conmee, Rosslyn and Murillo
- Conmee and OP have different policies, e.g., Conmee requires facility user insurance and a Conmee employee is present at any
- Over time it would be best to have the same policies
- In the future it may be desirable to close one and rent it out

Emergency Services

- Both municipalities use a point-based pay scheme
- OP admin is working on an hourly rate pay scheme and will be bringing a proposal to Council in the fall for implementation on Jan. 1/21
- After Jan. 1/21 the Conmee station would stay open and the Conmee Fire Chief likely will become a station captain of the amalgamated force
- In future analysis of stations, e.g., response times, will be needed to inform any decisions about station closures

Employment

- Vacation, benefits, sick leave, pension (OMERS – OP participates but Conmee does not) wages, hours of work, etc. are likely different
- Unlike some other areas where there can be transition to the same policies, it is highly recommended that all employees get the same treatment from the start
- Unions: Conmee has CUPE while OP has two collective agreements, public works and community services, with LiUNA
- It is possible to have two unions, but it would be best for administration and workforce cohesion if there was only one union; members vote to pick the union
- If there is only one union, seniority of members coming from the former unions would need to be resolved
- There may be severance upon amalgamation, but only if someone was deemed surplus and laid off permanently

Financial Position & Budgets

- The “Balance Sheet” of both needs to be analyzed (municipalities no longer use that format, but the same things are still reported in the municipal format)
- Key indicators are Cash Reserves, Debt, Surplus
- 2018 FIR info:

Item	Conmee	OP
Cash & equivalents	\$506,189	\$3,042,168
Debt	\$922,490 ***	\$0 +++
Net Financial Assets	(\$560,295)	\$4,456,745
Net Capital Assets	\$2,284,764	\$32,256,136
Surplus	\$1,743,922	\$36,721,664

*** Much of this debt is for the Pines property and Food Bank addition, rent from a house on the Pines property is servicing that debt while rent from the Food Bank is servicing that debt. The remainder of the debt pertains to a grader.

+++ Debt incurred in 2019 due to Oliver Road Construction Project (\$2,639,319)

- Financial Statements will need to be reviewed in this process
- Budgets need to be analyzed to make forecasts of revenues (especially taxes) and expenditures for the amalgamated municipality

Governance

- A transition council until the 2022 election could be: 2 Conmee Councillors + 5 OP Council Members = 7
- OP Mayor will be the Mayor during the transition period
- The 2 new Council Members from the old Conmee Council will be compensated under the OP pay scheme
- Go down to 5 in Election 2022; all Councillor seats will be at large

Insurance

- OP uses Gillons as broker and Frank Cowan is insurer
- OP’s policy date is March 1st while Conmee’s is July 5th
- Conmee’s broker is currently looking for a new insurer as the current one is ceasing its municipal insurance business
- Since one rather than two entities after amalgamation there will be premium savings

Landfill

- There are 3 landfills
- Info on capacity, condition, maintenance of all is required (engineering reports like well monitoring annual reports)
- Preliminary info indicates the OP north landfill and Conmee landfill rate highly, whereas the OP south landfill has major issues requiring significant outlays
- Hours of operation are similar
- Conmee has one part-time attendant while OP has four part-time attendants
- Use the same card system

- There could be fee differences to address

Libraries

- Currently Conmee pays OP for service, which would end upon amalgamation
- Conmee gets in a grant from the Province for library services, which would end upon amalgamation
- The provincial grant to the amalgamated municipality may be increased
- Provincial grant dollars are small, so this issue is inconsequential
- There is nothing immediate to be concerned about with libraries

MMAH: Interaction with local MMAH office and Amalgamation Process

- The local office was contacted three times on the subject
- Our request for a guide, checklist, template, etc. has gone unanswered
- What was supplied were three documents, two of which were relevant; the third involved unincorporated areas
- The local MMAH office also said there was no provincial money for amalgamation
- Attached are the two relevant MMAH documents on municipal amalgamation:
 - i) *Municipal Act 2001*, Process for Municipal Restructuring
 - ii) The Restructuring Proposal Package
- As noted in the Introduction above, MMAH approves the amalgamation proposal by issuing an Order from the Minister for its implementation

Municipal Office(s)

- The OP Rosslyn office is the obvious choice for the municipal office
- Initially it would be sensible to keep office in Conmee open a few days a week to do things like take payments, issue dog tags, etc.; we may find ratepayers in Kakabeka or elsewhere in OP may want to go to Conmee for some things
- Keeping the Conmee may make sense; the office space could be partitioned and one portion rented out

Planning

- Not as much activity in in Conmee as in OP
- Oliver Paipoonge has a new Official Plan (May 2018) and a new Zoning By-Law (January 2019)
- Conmee is working on a new Official Plan, but may suspend that work while amalgamation is being explored
- An amalgamated municipality can push to get the Pines Housing Development in Conmee going
- The Pines Housing Development had 3 phases: the first was to construct 65 units (all ground level) forecasted to cost \$16 million
- Conmee considering doing design work including construction documents in 2020 to make Phase I “shovel ready”
- Conmee has created a housing corporation
- One scenario could be the housing corporation of the amalgamated municipality borrowing to construct and afterwards own and operate the facility

Policing

- It is possible to have the OPP police Conmee while Thunder Bay Police Services polices OP
- One police force may be a better option since only one relationship to manage
- The costs of the options need to be identified
- Whether or not the T. Bay police will serve Conmee needs to be determined
- It may be sensible to continue with the current policing arrangements after Jan. 1/21 for a set period of time and explore the costs/benefits of various options during that period

Records: By-laws and Other

- By-laws (consolidation); at first only the key ones need to be set for the amalgamated policy, e.g., procurement, procedure, etc.
- The same thing goes for policies
- Old records including archives need to be managed properly, and both municipalities have challenges in meeting that goal
- Conmee is adopting the TOMRMS record management system that OP currently uses
- OP is in the very early stages of TOMRMS implementation, so it is timely that the two municipalities can proceed simultaneously

Recreation

- OP has the Nor West Arena plus a number of outdoor skating rinks
- OP has ball diamonds and some play grounds
- Conmee has outdoor skating rink and a few other grounds
- In the 2020 Budget Conmee intends to put a roof over and screen around the rink and landscape the grounds
- After it is covered the rink grounds could be used for summer events, e.g., farmers market
- OP employs 2 FT Community Services workers and PT attendants for the arena
- Community volunteers tend to outdoor rinks in OP
- Conmee uses its Roads employees for its Recreation needs
- Conmee has a social committee (volunteers + council member(s)) and is involved in some community events, e.g. Easter Egg Hunt, while OP supports but does not have any direct involvement in hosting community events, e.g., Murillo Fair, Rosslyn Winer Carnival, Slate River Plow Match, etc.

Roads

- After Jan. 1/21 there will be two garages Murillo and Conmee
- Analysis should be done to determine the optimal # of garages and locations
- It may make sense to have 3 garages (Murillo, Barrie & Conmee) to do better winter maintenance, e.g., serving Kakabeka from the Conmee garage is likely very sensible, serving Paipoonge south of River from the Barrie Garage (the Barrie Garage is the former Township of Paipoonge Garage and is currently rented out)
- There will need to be uniform maintenance standards throughout the amalgamated municipality

- Conmee has two FT employees while OP has 7 employees; after Jan. 1/21 the senior Conmee employee would be a lead hand
- 2018 Road info:

	Conmee	OP
Unpaved lane km	238	173
Paved lane km	0	427

- While Conmee has no treated roads, the bases for major roads have been built up and are ready for surface treatment

Taxes

- 2018 tax rates comparison

Tax Class	Tax Rate – Conmee	Tax Rate - OP
Residential	1.465277%	0.999363%
Commercial	1.685068%	1.500046%
Industrial	2.564234%	2.210154%

- Total 2018 assessment: Conmee - \$58,557,064; OP - \$707,600,906
- Total 2018 tax levy: Conmee - \$851,497; OP - \$7,063,341
- 2018 tax burden per household:

	Conmee	OP
Residential Tax	\$836,404	\$5,965,580
Multi-Residential Tax	n/a	\$35,145
Households	327	2,358
Tax per household	\$2,559	\$2,545

OVERALL: Conmee has lower assessment and higher tax rates than OP. The tax burden per household are virtually the same.

- As noted in the Financial Position & Budgets Section above in-depth analysis forecasting taxes for an amalgamated municipality showing tax changes in Conmee and OP needs to be conducted
- While it should be possible to have different tax rates in OP and Conmee if different levels of service between the two can be demonstrated, that would be an administrative burden
- With one tax regime there will be a need to be common billing dates, collection policies, etc.

Website, Newsletter, Facebook

- There should only be one of each for the amalgamated municipality

OTHER

Messaging to other LRMC municipalities

- Conmee and OP have been working closely together for some time and see amalgamation as a natural progression of that relationship
- Conmee and OP are looking at amalgamation since they believe they have a lot of things in common, are equivalent in terms of financial position and will benefit from amalgamation

Name of Amalgamated Municipality

- The new name should reflect the fact the amalgamation is a mutually beneficial arrangement between the two communities

Professional Services

- Conmee and OP are striving to do the bulk of the work required for the amalgamation process
- Outside consultants, e.g., accountants, lawyers, may be engaged to provide independent, expert advice on amalgamation issues and scrutiny of work done by Conmee and OP council members and employees