

Finance, Administration and Audit Committee Report

DATE: Monday, April 01, 2019

WARD(S): ALL

TITLE: PROVINCIAL REGIONAL GOVERNMENT REVIEW – UPDATE

FROM:

Tim Simmonds, Interim City Manager

Michael Coroneos, Chief Financial Officer and City Treasurer

ACTION: DECISION

Purpose

To inform Council that the Corporate Management Team has formed a Staff working group to monitor and provide strategic insight and information regarding the forthcoming provincial Regional Government Review.

Report Highlights

- The Province announced in January 2019 that the Ministry of Municipal Affairs and Housing (MMAH) will conduct a comprehensive review of eight regional municipalities and Simcoe County, and their lower-tier municipalities. York Region and the City of Vaughan are included in this review.
- Potential changes to the City's existing governance structure must ensure that citizens continue to receive exceptional levels of service delivery and value for tax dollars.
- Recommendations to improve governance, decision-making, and service delivery are expected in 2019.
- MMAH has opened its online public consultation to residents and businesses for comments and feedback to be received no later than April 23, 2019.
- Some municipalities including Vaughan conducted a governance review prior to the Municipal Election for the 2018-2022 Term of Council.
- Staff will be engaging external consultants to review financial and non-financial implications of potential outcomes of the regional government review.

Recommendations

1. THAT, Council authorize the Interim City Manager and/or the Chief Financial Officer and City Treasurer to engage external consultant(s) to conduct an analysis of the key potential outcome(s) of the provincial Regional Government Review;
2. THAT, the Chief Financial Officer and City Treasurer be authorized to make necessary budget amendments of existing approved capital projects to fund the additional costs required for the engagement(s) with a net budget impact of no greater than \$100,000; and
3. THAT, staff continue to monitor and review the development of the provincial Regional Government Review and continue to work with the Province, Region of York and other municipalities to provide comments on the proposed plan.

Background

In January 2019, the provincial government announced that the Ministry of Municipal Affairs and Housing (MMAH) will conduct a comprehensive review of the province's regional governments. In total, 82 municipalities are included in the review, which covers eight regional governments (Peel, York, Durham, Halton, Waterloo, Muskoka District, Niagara, Oxford County), Simcoe County, and their lower-tier municipalities.

The Corporation of the City of Vaughan is committed to delivering quality public services and being a well-managed municipality. Potential changes to the City's existing governance structure must ensure that citizens continue to receive exceptional levels of service delivery, and value for tax dollars, as reflected in the results of the most recent Citizen Satisfaction Survey undertaken by Ipsos Reid.

Of note, the results from the 2018 Citizen Satisfaction Survey found that:

- Ninety-seven per cent of citizens are happy with their quality of life in Vaughan. Some of the highest rated include:
 - Fire services – 100 per cent
 - Local public libraries – 96 per cent
 - Recreation and fitness facilities – 93 per cent
 - Garbage, recycling, organics and yard waste collection – 91 per cent
 - Maintenance of parks and greenspaces – 90 per cent
 - Satisfaction with Services – 91 per cent
 - Business Satisfaction with City Service – 91 per cent
 - Business Satisfaction with Quality of Life – 95 per cent

Previous Reports/Authority

[Final Report Recommending Ward Alignment: Vaughan Boundary Review; Committee of the Whole \(Working Session\) January 18, 2017.](#)

[2018 Citizen and Business Stakeholder Engagement Survey Results; Committee of the Whole \(Working Session\) February 6, 2019.](#)

Analysis and Options

MMAH has appointed two special advisors as an advisory body to assist with the review.

The mandate of the advisory body is to provide expert advice to the Minister of Municipal Affairs and Housing and to make recommendations to the government on opportunities to improve regional governance and service delivery.

Recommendations from the advisory body are expected to focus on the following questions on municipal governance, decision making and service delivery:

- Is the decision-making (mechanisms and priorities) of upper- and lower-tier municipalities efficiently aligned?
- Does the existing model support the capacity of the municipalities to make decisions efficiently?
- Are two-tier structures appropriate for all of these municipalities?
- Does the distribution of councillors represent the residents well?
- Do the ways that regional councillors/heads of council get elected/appointed to serve on regional council help to align lower- and upper-tier priorities?
- Is there opportunity for more efficient allocation of various service responsibilities?
- Is there duplication of activities?
- Are there opportunities for cost savings?
- Are there barriers to making effective and responsive infrastructure and service delivery decisions?

In March 2019, MMAH announced that it had opened its online public consultation to allow residents and businesses to provide their feedback by April 23, 2019.

The consultation guideline suggests that key consideration needs to be given to themes such as regional governance, decision making and service delivery:

- Improving representation and decision making (for example, council size, selection process and municipal structure)
- Improving the quality of municipal services and reducing costs (for example, land use planning, public infrastructure, economic development and social services)

There are several upcoming milestones for Members of Council to submit comments and provide their own feedback:

- Consultations with all nine upper-tier councils, as well as the Mayors and Regional Chairs of Ontario (MARCO) took place in spring 2019
- Recommendations by the provincially appointed special advisors will be submitted to the Minister in early Summer 2019

Some municipalities in York Region, including the Regional Municipality of York, conducted a Governance Review prior to the municipal elections for the 2018-2022 Term of Council.

Municipalities may periodically conduct a Governance Review or Ward Boundary Review to ensure effective representation, especially for municipalities experiencing significant growth. Several local municipalities in York Region and the Regional Municipality of York have recently completed a review prior to the 2018 municipal election and made representation changes where it was deemed appropriate.

In April 2016, the City of Vaughan engaged an independent consultant team comprised of experts from the Canadian Urban Institute, Beate Bowron Etcetera, The Davidson Group, and Hemson Consulting to carry out a comprehensive ward boundary review to consider ward structure options that can support the City's growth for the 2018, 2022, and 2026 municipal elections. In January 2017, Council considered the options and voted not to implement the consultant's recommendations for the 2018 municipal election which included an option to increase the size of local Council.

Municipalities across Ontario that are impacted by the Regional Government Review have referred to their most recent governance review documents to facilitate discussion and inform their response to MMAH.

The City of Mississauga has publicly expressed its desire to separate from Peel Region and become a single-tier municipality. On March 20, 2019, Mississauga Council approved in principle a motion requesting the provincial government to pass legislation that Mississauga become independent from the Region of Peel. The Mayor of Mississauga has referenced a business case for single-tier status that was made

between 2004 and 2005 to the provincial government that had received unanimous support by the Council and Citizens' Taskforce of the day.

In a March 26, 2019 article published in *The Toronto Star*, the Mayor of Brampton publicly commented that he would like Peel Region to remain in place.

Halton Region undertook an in-depth review of Regional representation prior to the 2018 municipal election that resulted in changes to their representation structure. In a letter to the Minister of MMAH, Halton Region and its four local municipalities made reference to this review as evidence that the current composition is working effectively. On March 4, 2019, the lower-tier municipality of Milton unanimously passed a motion that endorsed the effectiveness of the current two-tier municipal government model in Halton Region.

Simcoe County also revisited previous governance review documents and the various Regional government composition models that were considered in the past. Simcoe County Council members and past wardens engaged in discussions at a facilitated workshop provided by an external consultant, the outcomes of which will be used to inform their response to MMAH.

Staff are assessing possible outcome(s) that could arise from the 2019 Regional Government Review and are proposing to engage external consultants to examine potential financial and non-financial implications of the various scenarios.

The stated objective of the 2019 Regional Government Review is to ensure that regional governments are working efficiently and effectively, with a focus on recommendations to improve governance, decision-making, and service delivery. While the scope of this review is broader than a typical governance review conducted at the municipal level, there are common themes and principles from prior review engagements that could help inform Vaughan's position.

Staff propose engaging external consultant(s) to conduct an analysis of the potential financial and non-financial impacts of the key potential outcomes of the Regional Government Review. The external consultants' findings would provide Council with expert and objective information to best support a response to the province. This could include, but is not limited to:

- Providing insight on what has happened during previous Provincial municipal government reviews;
- Understanding and analyzing the context of the current review and creating a communications and stakeholder engagement plan accordingly; and

- Assisting in formulating possible scenarios for the City of Vaughan and modeling and analyzing potential impacts and proposing appropriate action plans.

Furthermore, once recommendations are made public by the provincial government, the Corporate and Strategic Communications Department will undertake a comprehensive communications and engagement effort to inform and educate the public about the findings; what they mean for the City of Vaughan; and next steps by Council and staff in response to the provincial recommendations.

Financial Impact

A municipality's size, demographic, land characteristics, stage of growth, and service provision directly and/or indirectly affect its ability to maintain a balanced property tax assessment base and sustainably collect growth-related fees and charges such as development charges. These are typically the key factors to consider for ensuring a municipality's financial resiliency, flexibility, and fiscal health

The City is currently working on initiatives related to strategic planning and long-range fiscal planning and has engaged external consultants to work on some key deliverables of the projects. Given that any change(s) in service jurisdictions would likely have both short- and long-term financial and non-financial implications, it is prudent to expand the scope of these existing engagements to conduct the necessary scenario analysis of the potential outcome(s) of Regional Government Review.

Staff anticipate that procuring external consultants directly related to legal services, government relations and financial modelling will result in costs of approximately \$100,000. Staff will identify opportunities to absorb the costs within existing approved capital projects and will make any necessary budget amendments to earmark for the incremental costs if needed.

Broader Regional Impacts/Considerations

There are many different regional governance structures around the world, any of which or a mix of which could be a possible outcome of the 2019 Regional Government Review. Any changes to the current Regional governance structure would have broader regional impacts. Some possible outcomes that would impact Vaughan's governance include, but are not limited to:

- Amalgamation: several existing municipalities are consolidated. Under this outcome, it is possible that the ten municipalities in York Region (nine local municipalities and one regional municipality) could be consolidated into one single-tier municipality with a unified decision-making body.

- Separation from two-tier government: larger urban municipalities that are generally more self-sufficient may be separated from the Regional government to become single-tier municipalities. Under this outcome, it is possible that Vaughan could become a single-tier municipality independent of York Region. Existing Regional services such as transit and policing may need to be downloaded.
- Service structure reform within the Region: lower-tier municipalities within the Region may be separated into two parts – urban vs. rural, with differing service provision structures.
- Service jurisdiction reform: there may be a realignment in services provided at the regional or local municipal level; or upload/download of services to/from the Province
- Two-tier structure with Metropolitan GTA: Metro GTA may be responsible to provide hard services to local municipalities under governance of various servicing boards; and local municipalities may be responsible to provide soft services to their communities

The City of Vaughan has worked closely and collaboratively with York Region and other local municipalities within the region for many years to ensure that services are provided to the public effectively and efficiently. A Regional Task Force has been established to continue this collaborative review of service delivery at the regional and local municipal level to consider various service arrangements, identify opportunities to reduce costs and inefficiencies, and seek new and innovative ways to enhance citizen experience.

Conclusion

City staff will continue to monitor the developments of the 2019 Ontario Regional Government Review and work with the Province, York Region and other municipalities across Ontario to consider ways to continue to increase efficiency, improve service delivery, and enhance collaboration within the existing regional governance structure or any potential future structure.

It is recommended that the Interim City Manager and/or the Chief Financial Officer and City Treasurer be authorized to engage external consultant(s) to conduct an analysis of likely outcomes of the Regional Government Review. The result of the engagement will help serve as the basis for Council's consideration to provide input to the appointed advisory body of the provincial Regional Government Review. It is further recommended that the Chief Financial Officer and City Treasurer be authorized to amend the budgets of existing approved capital projects to fund potential additional costs required for various engagements, including financial analysis, communications and government relations, among others, with a net budget impact of no greater than \$100,000.

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