



Memorandum

To: City of Vaughan
From: StrategyCorp Inc.
Date: 05/01/2019
Re: Review of Regional Government – Scenario Impact Analysis

Introduction

StrategyCorp (SCI) was asked to review and analyze the various scenarios earlier identified by the City of Vaughan (the City) within the context of the Provincial government's Regional Governance Review (the Review) and to assess the potential impacts on the City of each scenario.

It was understood that this analysis may be used to support an independent submission by the City to the Province.

SCI worked with City representatives to complete this analysis. As part of this analysis, consideration was given to intelligence gathered through conversations with government and non-government contacts, desktop research, media scans, and the monitoring of regional council meetings and the Province's public consultations.

The results of the analysis are outlined in this memorandum.

Overall Considerations and Comments

To set the context for the analysis of the different scenarios developed by the City which could form the basis of a City submission to the Province, consideration was given to the following:

- The **Provincial Submission Guidelines** which outlined various questions that should be considered:
 - Improving representation and decision-making (e.g., council size, selection process, and municipal structure)
 - Improving the quality of municipal services and reducing costs (e.g., land-use planning, public infrastructure, economic development and social services)
 - Where you see municipal governments in 10 years
- The questions to be addressed by the **Provincial Advisory Body** that has been established by the Province to facilitate the public consultations and make recommendations to government. These questions cover two areas:

- Municipal Governance and Decision-Making:
 - 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?
- Municipal Service Delivery:
 - 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?

Based on conversations with government and non-government contacts, it's anticipated that a primary focus of the government review will be on service reforms focused on creating efficiencies. It's further understood that at this time there are no specific issues related to the City.

The positions of other municipalities were determined based on media scans and desktop research. The broad themes resulting from the scan and research are summarized below:

- General opposition to amalgamation with Mississauga as the main exception
- Growing concern regarding a predetermined outcome of the review
- Need to ensure that local solutions are implemented – not a broad-based approach
- Need for adequate consultation with municipalities and the public
- Need to identify efficiencies within the current governance framework
- Need to protect service levels to citizens

Consideration was also given to the work completed to date by the York Region Governance Task Force. It's understood that the Region is asking the local municipalities to provide comments on two items which will form the basis of the Region's response to the Review:

- Criteria for Service Migration: Cost savings; efficiency; measurable outcomes; improved customer experiences; increased accountability and transparency; agreement among municipal partners
- Draft Written Response: Will cover the about noted Provincial Submission Guidelines noted above (a draft response to these questions was distributed by the Task Force at its April 18, 2019 meeting)

Overall Approach

The approach to this engagement followed three main steps:

- Confirmed the upper and lower-tier services in the Region based on a definition developed by the Region (breakdown is provided below)
- Determined the scenarios that the City should review and analyze in greater detail (considering the scenarios identified in the April 1, 2019 report to Council and subsequent discussions with staff and other advisors)
- Assessed the impact of each potential scenario on the City using a standard set of questions (outlined below)

Regional Service Delivery Model

Regional Upper Tier Services	Local Lower Tier Services	Both Regional and Local Services
<ul style="list-style-type: none"> • Children's Services* • Court Services* • Forestry • Housing Services* • Long-Term Care* • Paramedic Services* • Police Services • Public Health* Social Assistance* • Transit 	<ul style="list-style-type: none"> • Building • Fire • Libraries • Licensing • Parks, Recreation & Heritage • Stormwater Drainage & Management 	<ul style="list-style-type: none"> • By-Law Enforcement • Borrowing/Tax Collection • Economic Development • Emergency Planning • Planning • Roads • Waste Management • Water

* Denotes programs that are Provincially mandated and/or funded

Scenario Development & Evaluation Framework: Assessment Questions

To assess the potential impacts of each scenario, StrategyCorp developed an evaluation framework which outlined several questions to be considered in completing the analysis.

The objective of the evaluation was to provide sufficient detail on the potential impacts and implications of the various scenarios and to enable the City to determine an appropriate go forward strategy.

Scenarios	Scenario Description	Community Impact	Service Impact	Fiscal Impact	Organizational Impact	Alignment with Provincial Priorities & Objectives	Other Considerations & Comments
Amalgamation	Create one single-tier municipality	What would be the overall impact on residents and businesses?	What would be the overall impact on the services offered to the community?	What would be the potential impact on the financial position of the City considering:	What would be the potential impact on the staff, resources, systems, facilities or structure of the organization?	How does the scenario align with the understood Provincial priorities and objectives? Are there other political factors that should be considered?	Are there other factors that should be considered in the evaluation of the scenario? Would other “governance” or “coordinating” structures be required to support the scenario? If yes, what are they and what would be the financial and/or operating implications?
Single-Tier	Separate City from Region to become a standalone municipality	Would property/business taxes change? If yes, how?	Would services be provided more efficiently? If yes, how?	<ul style="list-style-type: none"> Operating revenues & costs Property taxes Capital investment Overall sustainability 	What would be the impact on the City’s governance structure (e.g., council size, distribution or selection process)? Would overall decision-making be improved?		
Service Reform	Maintain current upper & lower tier service accountabilities while exploring opportunities for service efficiencies & improved effectiveness	Would the understanding of and/or access to government be affected? If yes, how? Would there be an impact on the City identity/brand?	Would services need to be shared and/or coordinated? If yes, how and what would be the impact on City services?	Would there be an impact on City debt? If yes, how? Would there be an impact on the City’s credit rating?			

Potential Scenarios

As outlined in the above table, the analysis considered three scenarios which are summarized below:

- **Scenario 1: Amalgamation** (included in April 1’19 report to F&A Committee)
 - Create one single-tier municipality
- **Scenario 2: Single-Tier** (included in April 1’19 report to F&A Committee)
 - Separate City from Region to become a standalone municipality
- **Scenario 3: Service Reform** (combines “Service structure reform within the Region” and “Service jurisdiction reform” as outlined in the April 1’19 report to F&A Committee)

- Maintain current upper and lower tier service accountabilities while exploring opportunities for service efficiencies and improved effectiveness

It was understood that the “Status Quo” as an option will be separately addressed and will highlight what the City is already doing to improve service efficiency and effectiveness and reduce operating costs.

It was also noted that there are several potential amalgamation scenarios in addition to creating one City. The City will need to review and analyze the implications to the City if the Province decides to amalgamate some municipalities in the Region but not Vaughan while retaining a two-tier structure.

Scenario Impact Assessment

Amalgamation

Community Impact	Service Impact	Fiscal Impact	Organizational Impact	Other Comments
<ul style="list-style-type: none"> Provides “one window” for delivery of all services in the “new City”. Whether or not this has a negative affect on Vaughan will depend on where & how the services are delivered. There would potentially be a lose of the Vaughan identity and brand depending on how the “new City” decides to plan, deliver, manage & promote the services provided in each of the former lower-tier municipalities The strategic direction & priorities of the “new City” may not reflect the needs & requirements of the residents & businesses of the former Vaughan 	<ul style="list-style-type: none"> The service impact would depend on the how services are provided, the level of service offered & the staffing model <ul style="list-style-type: none"> Offers the opportunity to rationalize & streamline services to eliminate duplication Based on other experience, it’s expected that services would evolve to the highest level of service offered in the current Region Services may not be “customized” to meet the unique expectations or requirements of the original lower-tier municipalities leading to lower citizen satisfaction in Vaughan. This will depend on the service & staffing model (e.g., if service delivery is based on geography, Vaughan’s unique needs may be addressed). Existing facilities, operating yards and related services (e.g., fire) could be rationalized. The impact on Vaughan would depend on the service model. Existing IT systems could also be rationalized. The challenge would be the potential investment required to move to a common IT infrastructure. 	<ul style="list-style-type: none"> In the short term, service costs could increase with pressure to move to the highest service level <ul style="list-style-type: none"> This should decline over time as services are rationalized This could drive up taxes in short term Economies of scale & facility rationalization could drive cost savings & efficiencies across the “new City” leading to lower taxes Provides an opportunity to rationalize operating & capital planning & budgets based on the “new City” needs. However, this may lead to cross-subsidies to the detriment of Vaughan. 	<ul style="list-style-type: none"> Organizational & service rationalization may result in less staff <ul style="list-style-type: none"> Past experience indicates there will be less senior staff which would reduce overall operating costs It’s assumed that there would be less councillors & the role/responsibilities of the “new City” councillors would be changed to accommodate former Regional & lower-tier services <ul style="list-style-type: none"> With less councillors, decision-making could be expedited Assuming an increase in population served, access & effective representation could be reduced It would eliminate the “competition” between Region & local councillors 	<ul style="list-style-type: none"> Under scenarios 1 & 2: <ul style="list-style-type: none"> Existing contractual & legal commitments & requirements would need to be sorted out The relationship with existing agencies, boards and commissions would need to be reviewed & confirmed

Single-Tier

Community Impact	Service Impact	Fiscal Impact	Organizational Impact	Other Comments
<ul style="list-style-type: none"> Provides “one window” for delivery of all services to City residents & businesses which should increase convenience & access Strategic direction & priorities would be based on the needs & requirements of the City City identity & brand would be maintained & potentially enhanced 	<ul style="list-style-type: none"> All existing City services would be retained Services would need to be expanded to cover existing Regional services <ul style="list-style-type: none"> Rather than providing the services directly, they could be delivered through service agreements with the Region, surrounding municipalities and/or other organizations Service levels would need to be confirmed 	<ul style="list-style-type: none"> The impact on operating costs will depend on services provided, service delivery arrangements, service levels & the staffing model <ul style="list-style-type: none"> The key variable will be decisions regarding the former Regional services Given the City will need to provide/manage more services, total operating costs could increase 	<ul style="list-style-type: none"> Staffing model & organizational structure would need to be adjusted to provide for the delivery of former Regional services Decision-making would be based on City direction & priorities There would be a saving in councillor & staff time given no longer participating in Regional meetings 	<ul style="list-style-type: none"> Potentially need to manage “third party” service agreements depending on decisions regarding delivery of former Regional services

Service Reform

Community Impact	Service Impact	Fiscal Impact	Organizational Impact	Other Comments
<p>The extent of the impacts will be driven by any changes in:</p> <ul style="list-style-type: none"> Lead accountability for service delivery (services could be downloaded or uploaded to improve service efficiency and effectiveness – would be determined in consultation with the Region) Services provided (eliminate duplications) Service levels (ensure consistency across the City) Service delivery (streamlining to eliminate redundancies or unnecessary activities) Staffing model (rationalize staffing ratios given service demands) <p>As a result, it’s difficult to conclude on the extent of the impact of any service reforms. Presumably, any service changes that are proposed and approved would result in either lower costs and/or improved service efficiency and effectiveness.</p>				