



Marathon
Human Resources
Consulting Group Ltd.

Regional Governance and Shared Service Review

Report: Executive Summary

Town of Mahone Bay

Town of Bridgewater

Municipality of the District of Lunenburg

Report

January 2012





Executive Summary

Marathon Human Resources Consulting Group Limited was engaged by the **Municipality of the District of Lunenburg, the Town of Mahone Bay and the Town of Bridgewater** to conduct a Regional Governance and Shared Services Review to determine how to enhance municipal service delivery and related governance for the three municipalities.

This **Report** summarizes the review methodology, the engagement and guidance of the Steering Committee (made up of the Mayors and CAOs) the management, staff and elected leaders of the units; the data reviewed and the approach to developing conclusions and recommendations.

Highlights of Our Analysis

- **Mahone Bay, Bridgewater and the Municipality of the District of Lunenburg are in fairly good positions in terms of financial viability, human resources and operational performance**, when compared to other municipal units in Nova Scotia.
- **There are significant challenges related to economic and regulatory factors that are outside of the control of the municipalities.** Examples of these outlined within the Report include required infrastructure renewal, economic expansion and changing service requirements of residents. It is very difficult to put a dollar figure on these items; however, we can say that municipalities across the country are challenged by the same issues.
- There is a high percentage of municipal revenue from residential taxation and area rates, which mean **the three units have the ability to generate the revenues needed to provide necessary services, but the balance between commercial and residential tax payers could be improved.** Specifically the residential / commercial tax revenue split is: BW: 71/29%; MB: 82/18%; MODL: 94/6%. In recent years, the three units have been able to contain expenditures without significant increases in tax rates. It is the desire of everyone involved in this Study to continue to minimize tax increases.

- Within the three municipalities, **population growth is focused on the retired age groups and the percentage of working age people is shrinking dramatically.** In the ten years between 1996 and 2006, there was a drop of 26% in the 20-34 age group; minimal growth (4%) in the 35-54 age group; 52% growth in the 55-64 age group; and, 16% growth in both the 65-74 and 75+ age groups. This has significant impact on service needs (more seniors focused) (seniors moving from homes) and the availability of a skilled workforce.
- **The combined municipal workforce is strong in some service areas and very stretched in others.** It is evident that there is strong operational leadership and very dedicated staff within each unit. This echoes the analysis of the recent **Service Capacity / Operational Review** conducted in the Municipality of the District of Lunenburg. Like many employers, the units have 'hard to fill positions' especially in technical fields.

Moving Forward Together

The Steering Committee and the Consulting Team were focused on recommendations that are based in solid evidence. There has been a concerted effort to determine both possible cost savings and service improvements to ensure value for money spent within potential options.

This direction aligns with the **Joint Goals for Sharing Services**, as established by the Steering Committee:

- 1. To make the most of every municipal tax dollar raised.**
- 2. To create a more sustainable local government organization.**
- 3. To work together to attract economic development.**

Achieving these goals will require three significant steps resulting in changes in service delivery and governance by focusing on:

- 1. The creation of a unified approach to economic development in the region supported by a pooling of current resources** into a decision-making body that would have the authority to aggressively promote economic development for the combined units.
- 2. More aggressive economic development to build the commercial tax base;** maintain residential tax levels; develop the area as an attractive place to live, work and do business
- 3. Regionalizing municipal services to the maximum extent possible** and agreed to by the three partners.

There are a number of reasons for sharing services. In this review we have put the emphasis on service quality as it fits best with the three goals. It offers good value for money spent and has the greatest potential for promoting economic development which in turn grows the commercial revenue side of the municipal budget. Potential savings in line department budgets such as public works and recreation would be used to improve and enhance services in order to make the area more attractive to investors and employees.

The general assumption is that sharing services or amalgamating will reduce the costs of municipal services by reducing duplication and overlaps. It is also important to note that in most cases amalgamations do not result in immediate cost savings as both service and compensation levels tend to rise to the highest level that currently exists among the municipal units.

We are clear, based on the experience with other municipalities and a careful analysis of the current state of the municipal units that, in the short term, few cost savings are likely from the recommendations within

this Report. However, with proper management of the changes we have recommended, economies and efficiencies resulting in savings and improved services are achievable in the longer term.

Tables 7 and 8 in this report indicate that over 20% of total combined municipal expenditures are mandated by the Province to cover education, corrections and other costs. When capital debt payments are added, the percentage of budget allocated to these expenditures ranges from 21% to 36% of individual budgets. Police and fire, sewage collection and treatment and solid waste management, all subject to national / provincial standards, account for another 45% of the budget. These facts reduce the possibility for expenditure savings to about 35% of the current combined budgets. Future amalgamation could reduce the costs of Council and senior administration, and position the Region to respond better to economic challenges, but it will not necessarily reduce overall costs significantly.

The evidence supports the recommendations to increase shared services and work towards future amalgamation. This approach will position the units to increase revenues by focusing on economic development with one voice to attract development that will benefit all units and taxpayers.

Recommendations:

1. The three municipal units that have undertaken this Regional Governance and Shared Service Delivery Review should **take concrete steps to increase sharing of municipal services, to support joint economic development and to improve the financial sustainability of local government in the Lunenburg region**. These steps should include regular public reviews of progress and periodic consideration of further areas of joint service delivery.
2. **Broaden the current plans for a new joint authority for solid waste management, and create a Lunenburg Regional Services Board**. This joint authority should have a mandate to increase the number of shared services over time and to report regularly to participating Councils on its operations, financial performance and progress in sharing services. Utilize the Board representation (4: Municipality of the District of Lunenburg, 3: Bridgewater, 2: Mahone Bay) currently proposed for the solid waste authority.
3. **Utilize senior staff in each municipal unit to design and implement shared services through the Regional Services Board, and maintain staff compliments at existing levels during the transition of services to the Regional Services Board**. Staff reductions identified during the implementation process should be accomplished gradually, through attrition and transfer.
4. **Begin Regional Services Board operations with solid waste management followed by recreation services and municipal economic development programs** (maintaining existing partnerships with the Regional Development Authority and Bridgewater Development Agency). Obtain Council approvals for transfer of individual services through a Joint Service Program proposal process that provides common information about the Program elements, financing, human resource considerations and transfer timeline.
5. **Undertake a further joint review of the municipal amalgamation option, once the Regional Services Board has three years of operating experience**. Future amalgamation may become an outcome of enhanced collaboration for the delivery of municipal services, and the experience of the Regional Services Board will provide a different experience of collaboration and how to increase value for money and build capacity to attract economic development.

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