

# MERGING MUNICIPALITIES

> insights on north vancouver reunification



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## > EXECUTIVE SUMMARY

Around the world local governments are counted on to perform a large array of functions. In Canada, these functions include political representation of citizens on local issues and providing a basket of local services, from firefighting to parks planning. In large continuous urban areas, however, it is often unclear where boundaries for political representation should begin and end, while many services that local governments are charged with providing spill between municipalities and even across entire regions.

North Vancouver has a unique municipal history, and a distinct local governmental structure. The re-merging of the District and the City, separated over a century ago, is a conspicuous and perpetual topic of debate. But upon close examination many of the broader issues around local governments' jurisdiction are present in this "reunification" debate: how do we determine which citizens a local government should represent? Why are borders drawn where they are between municipalities? And which services should local governments provide?

The push for municipal consolidation is often driven by the same imperatives: a quest for more appropriate political representation, a desire for cost efficiency in local government, or a belief that a reduction in the number of governments is best for the effective delivery of services. These, too, are present in the debate on North Vancouver reunification. North Vancouver, however, can benefit from research on previous restructurings to understand which benefits are most likely to be gained from a merger, and at what cost.

The first lesson is that local context is important. This refers to a host of factors that varies from city to city: how big the cities are; how well-developed the region is, and its mix of urban and suburban forms; which services are provided, and at what level; what form political representation takes; what the history of the cities are, including how closely they have cooperated in the past; and the attitudes of citizens towards amalgamation.

For North Vancouver, one of the most important considerations is local political structure. Municipalities in the province provide local services in conjunction with Regional Districts, a system that has been praised for its flexibility and effectiveness. In the Lower Mainland, Metro Vancouver provides many of the services that impact the region as a whole, and has the ability to add more as its members see fit. This flexibility has led to a generally well-regarded equilibrium: a multiplicity of small local governments represent comparatively small

groups of citizens and attend to local matters, while Metro Vancouver takes responsibility for tasks such as air quality, solid waste disposal, and regional planning. Indeed, one commentator noted, in comparing BC's inaction to other Canadian provinces' rush to amalgamate municipalities, that "British Columbia's position on consolidation has been attributed, in large part, to the success of the province's regional districts in responding to necessary changes in service delivery and municipal governance."

Understanding this local context informs the question of whether North Vancouver residents will benefit from an amalgamation. Because of the effectiveness of the Regional District system, many of the benefits of amalgamation that other provinces' municipalities may have realized would not apply. Importantly, this includes most of the "cost efficiency" argument: in general, the regional services that represent economies of scale are already being provided on a regional basis: liquid and solid waste disposal, water provision, and so on. Combined with the high one-time costs of merging municipalities and the tendency of unionized wages to harmonize upwards, the "cost savings" rationale for a reunification is tenuous at best.

This does not mean that reunification should be abandoned, however. The research also indicates that there are a number of areas where amalgamation results in clear benefits. One is strategic capacity: a united North Vancouver could do more than two separate municipalities. In regional forums, negotiations with external partners, and intergovernmental relations, North Vancouver would have a stronger voice and more influence. Another is North Shore transportation and planning. One municipality would be able to take a holistic view of the area, optimizing transportation and planning initiatives to reflect current work and residence patterns. Having two municipalities does not mean that services for residents are suffering, but it does mean that collectively we are missing opportunities – opportunities that could be realized by a unified local government.

A firm determination of whether reunification will be good or bad for North Vancouver may not be possible to arrive at, just as it is difficult to pick an optimal size for a municipality. But we are able to draw out the key benefits and pitfalls of a merger, and use these to inform engagement and planning on the issue. Assertions in the debate on reunification in North Vancouver have a tendency to repeat themselves; thorough study of the issue can equip council members, staff, and residents alike to have a more informed conversation.

## > INTRODUCTION

The reunification of North Vancouver is a perpetual public policy issue on the North Shore. The region's history as formerly one municipality and colourful past attempts at reunification give the question an enduring appeal. Yet a sober and thorough examination of the policy's benefits and drawbacks has, to date, been absent. This report attempts to begin this process by providing a comprehensive overview of the issues involved in a municipal merger in North Vancouver, informed by a review of scholarly literature. From there, it suggests a research plan that will follow through on the most important avenues of investigation.

The report is organized as follows: Section 1 provides the background and context for a revisiting of reunification's feasibility. Section 2 outlines the analytical approach used by the report to assess the issue. An analysis of the reasons for reunification is located in Section 3. Section 4 outlines the broad drawbacks and other considerations of reunification. This is followed by a summary of the draft conclusions we can draw from this preliminary analysis, as well as best practices from other jurisdictions and a suggested further research plan.

Why is this exercise important? Many amalgamations around the world are rushed into by governments attempting to gain the benefits of a merger. A thorough evaluation of the issue before implementation allows for the identification of key goals and desired outcomes, as well as understandings of potential pitfalls and how to mitigate them. Detailed study will produce a plan for reunification that is grounded in fact, explicit in its expected results, mindful of difficulties, and persuasive to potential partners. In this way the plan is more likely to succeed, and, potentially, close the debate for future generations.

# 1. BACKGROUND AND CONTEXT

This section provides the background and contextual information that is necessary to allow comprehensive evaluation of the question of North Vancouver reunification. First, it explains how North Vancouver came to be three separate municipal entities, and traces the origins of reunification and opposition to the idea as well as past initiatives in the region. Next it lays out the legislative requirements for considering amalgamation. Section 1.4 offers the international context in which to understand amalgamation, while Section 1.5 outlines amalgamation’s local and regional context.

## 1.1 Historical Background

Residents of the North Shore were citizens of the same municipality in the late nineteenth century. In 1891 at incorporation, the District of North Vancouver covered the area from Deep Cove to Horseshoe Bay, with the exception of the community of Moodyville near the mouth of Lynn Creek.

In 1905 a group of forty-five ratepayers submitted a request to Council to consider the secession of a segment of the District to form a new municipality. In 1907 the City of North Vancouver was incorporated, constituting approximately 3,300 acres around Lonsdale Avenue; Moodyville later joined the new municipality. In 1912 the area west of the Capilano River seceded as well, forming the District of West Vancouver. At the time of the City’s secession, Lonsdale Avenue was the commercial hub of the north shore and the surrounding area was much more highly developed than the rest of the District. Population estimates in 1912 put the population of the City of North Vancouver at 7,000, compared to 2,500 in the District and just 600 in West Vancouver.

Growth on the North Shore continued and led to the construction of the Second Narrows Bridge in 1925 and the Lions Gate Bridge in 1938. Development greatly accelerated following the Second World War, particularly in the District; by 1966, the populations of the District and City were 48,000 and 26,500, respectively. Further, the District was growing at close to twice the rate of the City.

Development and settlement largely ignored the distinction between the two municipalities. The building of single-family homes first occurred in the City, but the majority of construction eventually shifted to the District due to the availability of more land. Commercial

and business development continued to take place around Lonsdale Avenue even after the City's secession, meaning the District had little commercial development outside a few local centres. Residents commonly lived in one municipality and worked in the other; ignorance of jurisdiction was widespread. Industrial projects similarly disregarded the City/District division and located projects where needed land was available. For a long period of time from inception onwards, the City/District divide was largely a footnote in day-to-day life on the North Shore.

## 1.2 Past Initiatives

Interest in a merger, amalgamation, or reunification of some or all of the North Shore municipalities has been present to a greater or lesser degree in all North Shore municipalities since they separated. Many formal and informal discussions, public consultations, professional evaluations, and even referenda have taken place over time, some with the express goal of re-joining the municipalities. The most significant of these initiatives are outlined here.

Discontent with the separation of the municipalities on the North Shore coalesced in the late 1950s as municipal and business leaders began discussing the issue. According to the North Vancouver Chamber of Commerce in 1963, these discussions “were prompted by an unbiased desire for greater economy in administration, broader utilization of equipment, and more integrated planning and development.”

The City of North Vancouver commissioned an accounting firm in 1957 for “an investigation of the relative financial positions of the City and District.” The two Councils decided that further study was needed to assess broader administrative impacts, and struck a joint committee to call for bids. Mr. C.A.P. Murison, a former Reeve of North Cowichan, was recommended by the committee, but final negotiations failed in 1960 and no study was undertaken.

In 1961 the Public Affairs Bureau of the Chamber of Commerce of North Vancouver decided to undertake its own investigation into amalgamation. The West Vancouver Board of Trade was included in a joint committee of all three North Shore municipalities. The study was completed in 18 months and drew a number of detailed conclusions, in addition to recommending the hiring of professional consultants.

The City and District received the report and, having met to discuss next steps, jointly hired Ward and Associates to review the complete amalgamation of the City and District. The

Ward study was completed in October 1966 and found that consolidation could result in significant annual cost savings. The report “was well received by the District,” and resulted in a motion calling for a referendum, but “was not well received by the City.” The City commissioned a separate study by Stevenson and Kellogg, completed in November 1966, which criticized the Ward study and disputed its findings of cost savings. In particular, it found that a merger would benefit District taxpayers and penalize City taxpayers. Subsequently “City Council decided to drop the amalgamation issue for a ten year period.”

The next important development was the intervention of Provincial Government in 1967, with the Minister for Municipal Affairs threatening unilateral provincial action to force amalgamation. City Council sent out a postcard ballot and, with the majority favouring another study of amalgamation, believed they were required to act. Thus two joint committees were formed between the City and the District, one of politicians and one of staff. These committees reviewed joint services, by-laws, finances, and facilities in detail. The outcome of the joint meetings was a by-law which acted as a referendum question in a plebiscite held in September 1968 in both the City and the District.

Prior to the referendum both the City and District held public meetings. However, “separate amalgamation leaflets were distributed by the District and the City because an agreement on the wording could not be reached.” The City had once again commissioned Stevenson and Kellogg to prepare a report, which was distributed exclusively to City residents. This report listed the pros and cons of amalgamation but did not make a firm determination. Some City councilmembers vehemently opposed amalgamation, with the Mayor declaring that she would resign rather than govern a united municipality.

The vote revealed that District residents were overwhelmingly in favour of amalgamation, while City residents were split:

	<b>DNV</b>	<b>CNV</b>
<b>Yes</b>	8,678	2,284
<b>No</b>	970	2,283
<b>% in Favour</b>	90%	50%
<b>% Turnout</b>	48%	47%



At the time provincial law required a 60% majority in both municipalities for the vote to be considered an approval of amalgamation, and thus the referendum failed. In the years following the vote, interest in the issue among elected officials led to several more attempts to examine the feasibility of amalgamation and gauge public opinion. None was as extensive or impactful as the initiatives of the 1960s, however.

Examination of past attempts at amalgamation is relevant to the issue today for a number of reasons. First, it reveals an enduring interest in re-unifying the North Vancouvers. Many residents were and continue to be unaware of the distinction between the two municipalities, and a pervasive view remains that it was inappropriate to have split the municipality a century ago.

Past initiatives also provide insight into the genesis of opposition to reunification. At the time of secession, what was to become the City was the commercial centre of the District. It seceded, ostensibly, because this characteristic rendered it sufficiently distinct from the rest of the large, mostly sparsely populated tract of land north of the Burrard Inlet (that was not yet connected by bridge to the more developed parts of the region). The City's secession helped validate this understanding of the North Shore and allowed it to persist – even after accelerated connectedness and development rendered formal political distinction largely unnecessary.

A more salient issue in the recent past has involved fairness in taxation and finances. This notion has roots in the historical understanding of the City being distinct due to higher density and commercial development. It was undoubtedly enflamed, however, by studies such as the Stevenson and Kellogg report and by political rhetoric during referendum campaigns. Regardless of their current validity, fairness and tax differentials will likely recur as debate topics due to their prominent role in previous initiatives.

Finally, the history of reunification demonstrates that the complexity of the topic allows ample room for disagreement and confusion around the issue. Throughout their histories the two North Vancouvers, as well as consultants in their hire, have disagreed on the impacts and merits of consolidation. To this day research on the subject can be taken both by those in favour and opposed as support for their respective positions.

## 1.3 Legislative Context

The legislative requirements for amalgamation of municipalities have changed over time. The current provision in the *Community Charter* reads as follows:

### **No forced amalgamations**

**279** If a new municipality would include 2 or more existing municipalities, letters patent incorporating the new municipality may not be issued unless:

- (a) a vote has been taken in accordance with Section 8 of the *Local Government Act* separately in each of the existing municipalities, and
- (b) for each of those municipalities, more than 50% of the votes counted as valid favour the proposed incorporation

A key feature of section 279 of the *Community Charter* is the assurance of no forced amalgamations. This provision is in contrast to other jurisdictions in Canada and around the world that have witnessed forced municipal restructurings on the order of higher levels of government.

Section 8 of the *Local Government Act* can be found in **Appendix A** and specifies how and under what circumstances a vote is to be taken in the area in question.

## 1.4 National and International Context

### **1.4.1 Local Government**

The issue of amalgamation is part of a broader set of questions faced by governments around the world – where should municipal boundaries be drawn? How and by whom should local services be delivered to residents of a given area?

Worldwide the answers to these questions have been diverse – Australian municipalities are on average smaller than in the UK, but larger than in other European countries. Within countries municipal composition can vary across similarly-sized urban areas: the population of the American city of Atlanta is less than half a million, while the population of Los Angeles is 3.8 million, despite both cities being the centre of a much larger urban agglomeration.

Similarly, different structures exist to coordinate delivery of services across municipalities. In the United States some cities have merged with counties to create city-

counties in which county government is consolidated within city government. Notable examples of this are Jacksonville, Florida, and Philadelphia, Pennsylvania. Particularly large and important cities within countries often possess unique administrative forms to enable region-wide governance, such as New York City and London, UK. In Germany, Berlin and Hamburg are both cities and states. In Canada, administrative divisions for local government vary by province: for example, British Columbia has Regional Districts while neighbouring Alberta has no such system.

### **1.4.2 Amalgamation**

Consolidation or amalgamation – and de-amalgamation – of municipalities occurs around the world, though prevalence varies by country. For instance, amalgamation is not common in the United States and Switzerland due to the importance placed on local autonomy. Amalgamations can be one-off cases or great waves of reform, as in post-World War II UK and Eastern Europe in the 1970s. Further, municipalities have amalgamated in different ways for different reasons. Some are resident-driven through a referendum or similar vote; others are mandated from a higher order of government. Common reasons for amalgamation are as follows, with many overlapping and non-exclusive:

- desire to reform and modernize local governance
- pursuit of cost savings and economies of scale
- pursuit of greater simplicity and coordinated governance
- ideologically-driven belief in “less government”
- desire for greater coordination of growth and transportation planning
- desire for greater integration of large-scale services
- local government financial duress during economic downturns

Recent national and international examples of amalgamation are Eastern Canada’s amalgamations in the 1990s and the Australian state of Queensland’s in 2007. These large-scale initiatives were driven by the desire of the provincial or state government to reduce the number of municipalities, and both were mandated by government statute largely against public will.

## 1.5 Regional Context

### 1.5.1 Local Government in BC

The District and City of North Vancouver are two of the 162 municipalities in British Columbia. At respective populations of 85,000 and 50,000, they are the 12<sup>th</sup> and 20<sup>th</sup> largest municipalities in the province. They are mid-sized in relation to the 19 other municipalities in greater Vancouver; if combined, they would constitute the fifth-largest city in the region.

British Columbia maintains a two-tier municipal government system, with incorporated municipalities also members of Regional Districts. The role of Regional Districts varies by region, as they may service municipalities, unincorporated communities, or rural areas. Both the District and City are members of Metro Vancouver (formerly the Greater Vancouver Regional District). Since the region is composed almost entirely of large, sophisticated municipalities, Metro Vancouver's primary services are those which are best suited to regional cooperation. These include air quality, environmental regulation and enforcement, water, liquid and solid waste, and regional planning.

### 1.5.2 Amalgamation in BC

In BC, municipal amalgamations are rare. As noted, the Community Charter prohibits a forced amalgamation of municipalities without the consent of their citizens, meaning there have been no provincially-mandated reforms like those other Canadian provinces experienced. The Local Government Department of the Ministry of Community, Sport, and Cultural Development noted in 2000 that “the relatively low rate of amalgamation can be explained by the following factors:

- the presence of a flexible regional district system allows municipalities to achieve the advantages of amalgamation, for example economies of scale, by creating regional district service areas or purchasing services from regional districts;
- the Ministry of Municipal Affairs' grant programs, especially the Small Community Protection component of the basic grant under the *Local Government Grants Act*, provides a basic level of provincial financial support for small communities. This level of support has been a long-established feature of provincial policy;
- the existing police cost formula discourages small municipalities from amalgamating with their neighbours. Communities under 5,000 in population do not pay for the cost of

policing while those above pay between 70 and 90 percent of the cost, depending on their size.”

The most recent municipal amalgamation in BC occurred in 1995 when the Districts of Matsqui and Abbotsford merged. The municipalities were distinct political entities but both were involved in the administration of regional issues such as transportation, planning, and large-scale projects. The two cities also had arrangements for the joint funding or provision of several services, including fire protection and a recreation commission. Considerable growth in the late 1980s and early 1990s fueled concerns about the ability of the two entities to jointly manage large issues facing the region, and consolidation was seen as a potential solution. Amalgamation was also driven in part by a desire to resolve issues with these shared services, including funding disagreements, governance issues, and anticipated increases in cost.

Two referenda were held on the question to amalgamate. The 1990 referendum failed, with the “yes” vote representing 86% of citizens in Matsqui and 45% in Abbotsford. A 1993 referendum was successful, however, with corresponding “yes” votes of 77% and 58%. The eventual success of the initiative was attributed to a number of factors, including a history of municipal collaboration indicated by the numerous shared services agreements. The City Manager of Abbotsford also noted at the time that “since discussions on amalgamation had been taking place for roughly two decades, the public was well informed and generally supportive of the restructuring.”

North Vancouver’s situation shares numerous similarities with that of Matsqui and Abbotsford in the 1990s. The two cities in North Vancouver share a geographic area and represent smaller regional municipalities, although the North Vancovers have a larger population than the Fraser valley Districts did. There is a long history of municipal cooperation, as well as the resultant benefits and drawbacks of shared services. This cooperation has also taken place within the context of British Columbia’s Regional District system. Further, in both regions amalgamation has been an issue of relevance for residents; it is not an initiative imposed by a higher level of government. A deeper understanding of Abbotsford’s experience is a necessary first step for considering amalgamation in North Vancouver.

## 2. UNDERSTANDING AMALGAMATION IN NORTH VANCOUVER

Amalgamation is a perennial issue on the North Shore in part because a definitive answer does not exist – as Section 1 indicated, there are many ways to organize local government in any given geographic area. The question of amalgamation is also extremely complex since it has the potential to impact every facet of the municipalities' current structures and operations. Service delivery, taxation, government finances, administrative structure, and many other features of the North Shore's local government may change with an amalgamation. What is the best way to sort through this complexity and attempt a sober evaluation of the benefits, drawbacks, and impacts of a consolidated North Vancouver?

Perhaps the best way to begin is to ask a simple question – why merge the City and District of North Vancouver? The answer to this question depends on who is asked; a resident might point to greater simplicity, a politician may highlight a reduction of superfluous government, while a city planner would praise the possibility of a unitary vision for the North Shore. In fact, amalgamation is a solution to many problems, from small to very big, that exist simply because this section of the North Shore is governed by two municipalities.

Whether and how amalgamation would solve these problems is crucial to deciding whether to consolidate or not. In some cases, the conclusions are obvious: it is certain that total amalgamation would reduce the number of mayors, councilmembers, and senior staff. In other cases, finding answers might require months of detailed study: would amalgamation result in a lower combined operating budget?

Section 3.1 provides the primary arguments that have been put forward in support of reunification on the North Shore. Then, with help from a review of literature on consolidation and District interviews, Section 3.2 aims to provide a preliminary analysis of which benefits are likely to materialize from a merger with the City of North Vancouver.

The second portion of analysis, Section 4, identifies and evaluates drawbacks and other considerations around reunification. These include concerns about equity and fairness, transition and one-time costs, and maintenance of service levels. The section also touches on questions of local “distinctness,” community, and culture that recur in the reunification debate. Identifying the likely benefits and drawbacks of reunification in this way allows for a clearer picture of the tradeoffs involved, and informs further study and decisionmaking.

## 3. WHY REUNIFY?

### 3.1 Reasons for Reunification

The District of North Vancouver is in a somewhat unique position since amalgamation is not being forced by a higher level of government, or driven by dire economic circumstances; the issue is instead being championed by residents and leaders in the community. It is nonetheless important to be explicit about why reunification is on the agenda and what benefits are anticipated to follow. Doing so in the early stages of debating the issue helps to find common ground and build consensus while allowing for strategic planning of the amalgamation process.

Proponents of municipal consolidations around the world, as well as some commentators on the North Shore, commonly advance similar arguments in favour of amalgamation. These can be grouped into three main categories:

#### **Culture**

*Key reason: the North Shore “should” be reunified, and there is no good reason to be separate.*

#### **Finances**

*Key reason: amalgamation would result in increased cost efficiency for services, including economies of scale, and reduced duplication and administration.*

#### **Local Government Services and Functions**

*Key reason: amalgamation would result in North Vancouver’s local government being able to function more effectively and provide better services to residents in the region.*

The first two categories are most often heard in the debate to reunify the North Vancouver. First, culture: since the two municipalities were once one, many hold to the notion that they will reunite. A related sentiment is that there is no longer a compelling reason for the municipalities to be distinct; the City is geographically small and entirely surrounded by the District. Politically, there similarly seems to be no compelling reason for two mayors and twelve councillors to represent the citizens of the area. This paper does not provide any further analysis into this issue, though it is revisited in the “Next Steps” section.

The economic perspective is also frequently voiced. Having two municipalities can be considered wasteful and an unnecessary duplication in many areas. Further, economies of scale may be achieved when municipalities are combined. These claims are unpacked and examined in Section 3.2.1, with insights from other jurisdictions that have consolidated.

Last, amalgamation may result in benefits to the many services and functions that local governments provide. For instance, two smaller communities may not have had the requisite capacity to build a sewage treatment plant, which was undertaken after consolidation. Another example could be the elimination of conflicting zoning requirements allowing for smoother development. Section 3.3.2 attempts to examine the District of North Vancouver's key functions and services to identify areas where amalgamation could improve residents' experience.

## 3.2. Evaluating Reunification

In trying to understand whether reunification will result in the benefits that are anticipated, it is worth noting that learning from other cities that have amalgamated is difficult. In the word of one scholar:

The success of consolidation in achieving greater efficiency and effectiveness in governance and service delivery will depend on the distinct history and geography, as well as the economic and political circumstances of the region that is considering restructuring. For some municipalities, consolidation will be more appropriate than for others – given their history of intermunicipal cooperation, financial arrangements, collective agreements, political structure, spatial organization, and political will to amalgamate.

Hence while the following sections draw on the experiences of other jurisdictions, their applicability is often limited since unique circumstances can have a significant impact on how consolidation impacts any given municipality.

### 3.2.1 Cost Efficiency

#### *Rationale*

Around the world, amalgamation of municipal units is often driven by a desire for greater efficiency in local government. From Nova Scotia and Ontario to the United States and Australia, calls recur from within municipalities or higher levels of government for less bureaucracy and more efficient spending. The quotes below are taken from consolidation initiatives in Eastern Canada in the 1990s:



- [with consolidation] "...provision of services on a broader basis does allow for the economies noted above. Moreover, it allows for cost containment which may be very important in the future." – New Brunswick
- [with consolidation] "the inefficiencies in multiple bodies with overlapping tasks are avoided. It is more economical than the combined units it replaces." – Nova Scotia
- "taxpayers deserve a restructuring of these cumbersome bureaucracies." – Ontario

A few key themes are usually invoked in calls for amalgamation on grounds of greater efficiency. The first is a search for economies of scale in the provision of services: the idea that average costs for a service will be lower in a larger municipality because more of that service is being delivered. A second is the notion that "bureaucracy" is reduced when municipalities are merged. Since there are fewer decisionmakers in a given region, any differences in how services are delivered will be eliminated, meaning less administration and cost. The third common theme is the elimination of duplication – either in services or administration, amalgamation would correct the tendency of multiple governments to overlap.

### ***Analysis***

Since cost efficiency is a common justification for municipal amalgamations, many scholars have attempted to determine whether these benefits exist. To summarize the literature to date, evidence that suggests consolidated municipalities operate more efficiently is "tenuous at best."

It is accepted that "studies on municipal amalgamation have never presented conclusive proof that municipal efficiency improves when the organizations changes from a fragmented to a consolidated political structure."<sup>1</sup> None of the major municipal consolidations in Canada over the past twenty-five years has resulted in discernible cost savings, while instead resulting in cost increases (particularly when accounting for transition costs). Most scholars agree that while it is possible for consolidations to result in overall cost savings, a number of factors make this unlikely.

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<sup>1</sup> A confounding factor that studies have attempted to control for is differences in services levels; if two municipalities that have differing service levels merge and change those levels, has cost efficiency increased or decreased? Decisions on service levels need to be an explicit component of an amalgamation initiative.

First, economies of scale do not apply to all services provided by local government. Rather, they apply mostly to capital-heavy services such as sewerage and water treatment/provision. Many big-ticket services provided by government are labour-intensive, such as policing and fire, and thus do not benefit from economies of scale since unit costs are constant. Some of these services display *diseconomies* of scale, meaning average costs rise when more of the service is provided. Studies attempting to determine economies of scale in local government have found different cost curves for each service. Some services, such as solid waste disposal, see operating costs at low levels for small municipalities (5000 people), then increases for cities as large as 325,000 people, after which point they decrease again. Thus it is difficult to conclude that savings will result from amalgamation on the basis of economies of scale alone.

Some efficiencies can be achieved in the reduction of duplication and the streamlining of administration. The Abbotsford-Matsqui merger is one example of a city that saw lower administrative costs post-merger. In most instances, though, these savings are not assured. Usually mergers result in higher wages for most employee groups since there is a tendency to harmonize different wages levels upwards rather than downwards. Moreover, amalgamations tend to result in harmonization of service levels upwards as well. This is particularly true of large-scale amalgamations of denser cities taking in more sprawling suburbs.

Further factors that make cost savings an unlikely result of a municipal merger involve incentives in service provision. Local governments can be viewed as arrangers of services, rather than providers. The fact that different services are most efficiently delivered at different population levels, as noted above, “makes it impossible for any one organization to be an efficient producer of all local government services.” Professor Robert Bish notes:

Adaptation to the diverse production characteristics of local government services has resulted in production systems consisting of organizations of many different sizes, especially in urban areas, and exhibiting much more complexity than the organization of local governments themselves. In so adapting, local governments have learned to contract out or enter into joint agreements for the production of many activities.

Smaller municipalities, rather than providing services inefficiently, may in fact benefit from the ability to be nimble and contract out services to other specialized or larger producers. The opposite may be true of larger municipalities, which suffer from bureaucratic congestion as they take on the delivery of more services internally than is efficient to do.

## ***Application to DNV***

It is impossible to make a firm determination of whether a combined North Vancouver would see cost efficiencies post-merger. Some broad conclusions can be drawn, however.

First, the City and District are part of BC's local government system, which includes Regional Districts. This system of government is widely admired for the flexibility Regional Districts have to provide the services that residents most need in their respective areas. For the North Shore, this means that many of the services that would benefit from greater coordination or exhibit economies of scale are already being provided by another governmental form. Solid waste disposal is provided by Metro Vancouver, as is liquid waste treatment. Metro Vancouver is responsible for the region's reservoirs and water treatment. Less important needs that nonetheless benefit from centralized provision, such as labour relations, are contracted out. Amalgamation would have almost no effect on how much these services cost North Shore residents.

Services that extend beyond the District's borders but affect the North Shore are generally shared with the City already, meaning significant cost efficiencies in the delivery of those services are unlikely as well. Areas such as policing and recreation and culture have some degree of coordination, and so financial benefits of combined provision would already be evident. In areas such as fire and policing (some 30% of current municipal budgets in the City and District), experience elsewhere suggests costs would almost certainly rise due to diseconomies of scale and upward harmonization of wages. The typification of local governments as "arrangers of services" certainly seems appropriate in the case of North Vancouver District.

A consolidation would likely result in some administrative and operational cost efficiencies, however. The combined entity would employ fewer back-office staff, and may be able to realize efficiencies in facilities and inventories of certain goods. Moreover, all resources currently invested in issues arising from inter-municipal cooperation and arrangements could be used elsewhere (for example, discussions around cost sharing arrangements in shared services).

On the whole, though, the many studies into the issue find almost no instance of dramatic savings from an amalgamation. This is in part due to a final and sometimes underestimated pressure on costs: the cost of transition itself. From a purely financial

perspective, the usually significant capital costs associated with amalgamation are generally financed by debt since there is often an aversion to increase taxes for this expenditure. This not only adds to the debt load of the municipality but increases its debt servicing costs (Section 4.4 deals with transition costs more rigorously).

In summary, when transition costs are included, realizing cost efficiencies from a municipal amalgamation is almost impossible, and particularly so for a local government with DNV's characteristics. Preliminary evidence suggests that currently the City and District succeed in efficiently delivering services, with little overlap of consequence and few economies of scale to be gained from a merger.

### **3.2.2 Functions and Services**

Amalgamation is an initiative that may impact, in theory, every aspect of a local government. Some of these impacts may be positive and worth pursuing through the process of amalgamation.

Local governments provide a large array of services and functions which vary in many ways. Some services are hyper-local, such as the decision to build a playground in a park or approve the construction of a laneway house. Others are regional or crossboundary, such as roads and protection of rivers. Others still may be either local or regionally-planned: municipalities can operate their own cemeteries or share them. This also extends to bigger issues: climate change adaptation and mitigation is one area that may require local action, but regional cooperation.

An exhaustive analysis would assess every facet of local government, from dog licensing to water main construction, to determine the impact of amalgamation. An appropriate shortcut, however, is to examine those issues that affect North Vancouver or the North Shore as a whole and on which we currently cooperate – or not – with the City. Is there an incentive to amalgamate from the perspective of these regional (North Shore) services? Are services for citizens suffering because we are separate? And in what ways would these services improve or deteriorate if we merged? This section investigates three areas: our current shared services with the City, the notion of strategic capacity, and planning and transportation.<sup>2</sup>

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<sup>2</sup> This study did not examine many of the services that the District provides; others that may factor in the analysis include social planning, fire and policing, animal welfare, emergency management, and the school district.

**Shared Services**

The District shares or cooperates on many services with the City. Some of these arrangements are largely financial, such as policing on the North Shore, while others are actively managed bilaterally (such as Recreation and Culture). Would any of these services benefit from a merger with the City?<sup>3</sup>

A few broad statements can be made on the issue of shared services. First, as long as there are two (or three) distinct political entities involved, there will be some inevitable disagreement and inefficiency. Negotiating and communicating around shared services, as well as sharing decisionmaking responsibilities, necessarily involves staff time and effort. Further, as with any political issue, there is always potential for distrust, obfuscation, and fingerpointing, with certain shared services exhibiting these qualities to a greater degree than others. After a period of transition to a single operational unit through reunification, all of these issues would no longer be present.

Second, it can generally be said the level of quality of these services is high. The fact that the services are jointly funded does not result in obvious reductions in service quality. For example, even though RCMP is a jointly funded service, the quality of policing on the North Shore is high. Does this mean that the services currently under “shared services” would not improve if the North Vancouvers reunified? Not necessarily: a high quality of service does not preclude the possibility of improvement.

The North Vancouver Recreation and Culture Commission is a prominent shared service between the City and District that demonstrates this characteristic. The function is well-established as an area of joint jurisdiction since it was initiated over 40 years ago. Because staff report to a separate and unique joint body of political and citizen representatives, the Commission must operate externally from other municipal departments. This separation (caused by the nature of the service as “shared” and cross-jurisdictional) results in both benefits and drawbacks. Being external to other departments leads to an autonomy that allows for greater freedom to make operational decisions that are best for the Commission, for instance. Being external also isolates the Commission from other departments with which it may need to cooperate, however. Parks and Social Planning are two areas that are intimately connected to

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<sup>3</sup> As with most of the content in this report, this analysis is extremely preliminary and does not fully investigate any shared service. The insights here were mostly determined via conversations with senior staff and other jurisdictions’ experiences.

Recreation and Culture in their goals and objectives, yet the Commission is not able to systematically engage with either function as easily since it is a separate entity. Does this lead to a decline in the level of service provided by parks, social planning, or recreation and culture? Likely not, though opportunities for cooperation and synergy will be missed. It is possible to maintain high levels of service within an operational structure that leads to missed opportunities for North Vancouver citizens, a fact that is sometimes lost in debate on the topic of reunification.

### ***Strategic Capacity***

Around the world the debate around municipal consolidation is far from settled and many alleged benefits and drawbacks are contested. One benefit recurs in cities that have amalgamated, however: enhanced strategic capacity. In short, this is the ability that consolidated municipalities have to act in ways neither could as a separate smaller entity.

This enhanced capacity may manifest in individual services as economies of scope – the building of a large waste facility that was hitherto impossible, for instance – or as a stronger collective voice in regional affairs. The amalgamation of the City of Toronto had many well-documented drawbacks, but one of the primary benefits after the dust settled was the increased political clout that the merger gave the residents of the city relative to actors such as the province of Ontario.

In North Vancouver, a united political entity would see benefits in a number of ways. First, having one voice instead of two would eliminate the possibility of disagreement from official representatives on the North Shore on issues of regional concern. In whatever forum these issues are discussed, be it Translink, Metro Vancouver, the provincial government, or the Union of BC Municipalities, the residents of North Vancouver would speak with one official voice.

Second, the resulting municipality's size would give it greater leverage in regional affairs. By population it would be the fifth-largest municipality in Greater Vancouver, with a larger budget and larger individual financial contributions to organizations such as Metro Vancouver. A unified North Shore would have more clout in discussions of distribution of resources, such as transportation. It may also be able to negotiate better outcomes from other groups as well such as organized labour and outside contractors. Since a major function of local government is the representation of its citizens and their interests in larger forums, enhanced strategic capacity in this regard should not be overlooked when evaluating amalgamation.

## ***Planning and Transportation***

Planning and transportation is perhaps the single most important function of regional significance within the basket of local government roles. The issue is so complex, in fact, that every level of government is involved: the federal government through funding, certain nationwide transportation projects (railways, pipelines), and as a landowner (CMHC's ownership of Granville Island, for instance). The provincial government plays a large role in the region's highways and bridges. Metro Vancouver takes on the role of regional planning and is responsible for the regional growth strategy; Translink is implicated in many important transportation issues in Greater Vancouver. Finally, municipalities are the primary agent for questions of local planning and transportation, while liaising with every other actor in the process.

How coordinated are decisions regarding planning and transportation in North Vancouver? Currently, the District of North Vancouver is required to demonstrate how our Official Community Plan acts in accordance with Metro Vancouver's regional growth strategy, as is the City of North Vancouver. Further, there are channels of discussion between the City and District on major initiatives and on issues concerning shared borders and bordering areas. These areas are largely the extent of coordination, however. The OCPs are developed independently, informed by each council and municipality's separate goals, incentives, ideologies, and influences.

What effect does this have on community and economic development and transportation patterns in North Vancouver? First, it is important to note that the DNV and CNV are very different cities. They differ in size and shape and in the amount and type of residential, commercial, and industrial property. And, simply put, a planning department will act differently when considering a city with the characteristics of the DNV compared to a city comprising all of North Vancouver. For the District, our strategy of developing regional town centres as dense hubs makes sense given the makeup of the municipality, as well as economic and other incentives. Does it make sense for North Vancouver as a whole to densify and diversify these areas? That question is open to debate, although it is not a stretch to suggest the development plan would be different.

This issue is similar to that of shared services; different development patterns do not necessarily mean that the "quality" of the planning function is low. The District and City employ capable staff that pursue development of opportunities for a high quality of life, work, and play

for their citizens. Separate development incentives will result, however, in missed opportunities. A unified North Vancouver, for instance, may have a comprehensive cross-municipal transportation network along the waterfront; in the current situation this would require a degree of cooperation and coordination that is not realistic, or at the very least unlikely. Having distinct political entities also results in a default setting of inaction on joint issues. On the question of Keith Road bicycle lanes, staff agreed on a proposal but municipal councils did not. Whether these bike lanes would have improved life on the North Shore is immaterial; what is significant is that in the event of a disagreement on issues of joint concern in planning and transportation, inaction predominates.

Planning and transportation is an area of great importance to the citizens of North Vancouver. Although there is nothing wrong with the District and City's current strategies from their respective points of view, the political divide between the two may cost citizens in the form of missed opportunities for regional strategic planning. This is one of the key benefits of amalgamation and warrants much further investigation.

### **3.2.3 Conclusion**

The preliminary analysis suggests several key conclusions. First, the economic rationale for merging municipalities is in general over-emphasized, and in the case of the District of North Vancouver there may not be any economic gains to be realized at all. Second, there do not appear to be many obvious imperatives for reunification from a service perspective. City and District staff work effectively to provide a high quality of service to residents in North Vancouver, even in areas of shared jurisdiction. Last, there are areas where services could be more effective if the North Vancouver reunified, particularly in planning and transportation, and there would also be improvements in the strategic capacity of local government on the North Shore. In this way reunification is the dog that didn't bark: since service quality is not suffering, there does not appear to be an imperative to merge. Yet what is not taken into account is the cost of missed opportunities and the possibility for improvement in outcomes for North Vancouver residents. The realization of these missed opportunities ranks as one of the strongest rationales for a reunification of the District and City.



## 4. DRAWBACKS AND CONSIDERATIONS

In addition to its potential benefits, reunification faces significant obstacles and may have considerable negative consequences. This section introduces some of the major issues around reunification in North Vancouver that would require attention if residents and politicians were to consider amalgamating. Other jurisdictions that have amalgamated have faced similar issues, although North Vancouver has several unique characteristics that require special focus. The Blue Ribbon Committee that reported to council in the fall of 2014 identified many of these issues as well as barriers to accurate assessments. Using the Blue Ribbon report and information from other jurisdictions, this section has broken down the issue into four major topics (service delivery, appropriateness, equity and fairness, and transition costs and complexity) and offers a summary of the issues and a preliminary analysis.

### 4.1 Service Delivery

Section 3.2.2 investigated whether amalgamation would positively impact the delivery of services; it is also important to assess which services may suffer from an amalgamation. This issue is particularly important when considering the impact a reunification would have on residents – would the level of my services decrease?

What would happen to the service level in North Vancouver is difficult to predict. However, other municipalities have conducted surveys post-amalgamation to assess whether residents had perceived changes in the level of their services. The conclusion of a study on the issue states:

The title for Shakespeare's play, *Much Ado about Nothing*, best describes the amalgamations. This finding is similar to that by Wim Derksen in his study of several European jurisdictions. In all three cases analysed in this article, there was a great outpouring of both positive and negative rhetoric in the lead-up to amalgamation. The provincial government and others who supported amalgamations promised significant cost-savings and efficiency improvements, whereas opponents predicted chaos and great citizen dissatisfaction resulting from the loss of the smaller units of local government. However, judged by citizens' perceptions of the quality of service, not much happened. There were clearly pockets of dissatisfaction, but most residents did not see a significant change in the quality of services.

Many of the cities examined in this study were small- to medium-sized; roughly the same size as the City and District. Although service changes may be more pronounced in larger cities (such as following the Montreal and Toronto amalgamations), it appears that citizens in general do not experience large fluctuations in service pre- and post-merger. Nonetheless since this

particular consideration is so important to residents, further work on a reunification should focus on addressing it comprehensively.

## 4.2 Appropriateness

Appropriateness often features in the debate around reunification in North Vancouver, as well as other municipal consolidations around the world. The notion has several components. The first is political or cultural appropriateness. Would a cultural distinctness be at risk by merging the municipalities? One extreme example of this is a hypothetical merger of the three North Shore municipalities and two North Shore First Nations – this would be obviously inappropriate since the First Nations have a recognized right to be distinct based on culture and history. But the question is more subtle with the District and City: is there something unique about District residents or City residents that would be lost as political representation merged?

A second, related concept is local government voice. In our democratic system, part of the role of local politicians is to represent their electorate. In general, the smaller the local government, the stronger this representation can be, since there is less diversity in issues. One of the major failures of amalgamations in both the Toronto city amalgamation and the Australian experience was the loss of community voice and representation in formal political structures. As a local government grows larger, it risks not only losing the ability to represent the smaller communities within its borders, but even the legitimacy to represent any of the communities at all. This drawback needs to be carefully weighed in debates around reunification in North Vancouver.

Finally, municipal growth via amalgamation risks undermining some of the political functions of local government. The larger a city is, the less available are its politicians to residents. Direct accountability through accessibility is an important feature in local government as politicians can be held to account or otherwise responsive to the needs of citizens through public council meetings, one-on-one availability, and other avenues of engagement. Some evidence suggests that as governments grow they become less responsive to citizens and more prone to capture by special interest groups. These “public choice” theory concerns are not immaterial since, again, a primary characteristic of local government is its ability to respond to citizens and their concerns, and this role may be diminished by a reunification.

In amalgamations around the world, appropriateness emerges as an important consideration – yet it is different in every individual circumstance. These “local circumstances”

also play a large role in determining whether a restructuring will be successful. To ensure that reunification is the best choice for North Vancouver, it is necessary to accurately assess these factors. This assessment includes North Vancouver's unique history, its level of political engagement and links to the community, and gauging the public's major concerns on the issue.

### **4.3 Equity and Fairness**

Perhaps the most political issue of any municipal consolidation is equity, which emerges as a key theme in amalgamations around the world. In North Vancouver, this issue in particular has played a prominent role in previous attempts to amalgamate. Three of the most salient equity issues in previous initiatives were taxation, fiscal position, and service levels, and all three are interrelated. Propositions that the City has lower property taxes, a large reserve of funds (in contrast to District debt), and is distinct from the sprawling, high-cost District were persuasive in political dialogue. Whether or not these positions are still true is less important than the fact that they are likely to still be persuasive in future discussions on reunification. In any future initiative, these equity-based notions need to be addressed from the beginning of the process, since they can effectively stall progress on the issue.

Aside from political impacts, equity is an important consideration in its own right. Amalgamation may change the level of service for some municipal functions. Whether these changes will positively or negatively impact residents in a certain geographic location or in a certain income bracket are necessary pieces of information. One benefit that emerged from the Toronto amalgamation was a positive impact on equity as service levels for some functions (such as public transportation) increased in low-income neighbourhoods. Since the North Vancouver amalgamation would be smaller and integrate fewer diverse neighbourhoods, these impacts are not likely to be as dramatic as Toronto's experience. However, some thought should be given to who may or may not benefit from a merger, and whether these impacts are desirable or should be mitigated.

An important note here is the difficulty of accurately assessing to what degree claims of unfairness are legitimate. Definitively closing the book on these issues may never be possible in the best case, due to the attendant uncertainty of a policy change like an amalgamation. The accuracy of any assessment will be further compromised, however, by the City of North Vancouver's likely reticence to provide the necessary financial, tax, and service data. If the

District chooses to devote significant resources to a financial investigation, it should do so with the recognition that the accuracy of results is unlikely to be high.

#### **4.4 Transition Costs and Complexity**

The complexity of merging two cities and the financial cost of doing so are two crucial considerations in an amalgamation analysis. On this score the Blue Ribbon Committee provided advanced insight.

The compatibility of the two cities is a primary determinant of the difficulty of consolidating them. This compatibility needs to be evaluated in many areas, some of which are: ideological approaches to financial matters and governance (for instance, user fees v. subsidies, desired service levels, etc.); infrastructure and equipment; operational technologies (for instance, software and communications technology); accounting and asset management; staff culture and expectations; and operational and administrative structure (management positions, hierarchical lines of communication and accountability). In addition, agreements with outside agencies and collective bargaining agreements would have to be re-scoped or re-negotiated.

These hurdles in implementing a merger of the cities manifest as cost in time, money, and, potentially, service levels. Many cities that consolidated at the behest of higher levels of government have had strict timelines for merging, which generally result in worse outcomes. Poorly thought-out email harmonization in the Halifax Regional Municipality disrupted operational effectiveness there for a prolonged period of time post-merger. The Fraser Institute found that smaller cities that were forced to merge in the Ontario amalgamations didn't have the time or ability to deploy proper resources to renegotiating collective agreements, resulting in much higher personnel costs post-consolidation as opportunistic unions exploited the hurried transition.

Another finding is that governments around the world consistently underestimate the financial and time costs of merging cities. In order to clear the hurdles described above, municipalities incur a number of different expenses; ranging from engaging consultants and professional services to acquiring real estate. An early analysis of the Halifax amalgamation found that the largest costs were "attributed to severance and early retirement packages, renting temporary office space, and the development of a new financial system." Eight months into the project, the merger had one-time costs of \$25 million, up from the pre-merger estimate

of \$10 million total. As previously mentioned, one-time costs generally are not paid for by increased taxes but rather result in debt being incurred by the municipality. Hence the large transition costs not only impact the financial viability of a merger at the time of consolidation but have lasting effects in the form of debt repayment costs.

In summary, transition complexity and cost are often overlooked in the rush to realize the benefits of amalgamation. Time and again, mergers prove more costly than anticipated, which can dramatically impact the overall financial incentives to consolidate. Further, the operational hurdles of merging cities need to be carefully thought out to avoid reductions in service levels and operational functioning.

## > DRAFT CONCLUSIONS

The preliminary analysis of reunification in North Vancouver highlighted some of the major benefits and drawbacks of merging the District and City. Below are some of the key takeaways from this process to inform further action on the issue.

### **General Conclusions:**

- There is no right answer to question of city size for cultural concerns, efficient delivery of services, or political representation, although there is some evidence that smaller local governments are more nimble in delivering service arrangements, less bureaucratic, more responsive to local needs, and overall more effective.
- Amalgamations are often rushed into by higher levels of government in pursuit of economic benefits; the most effective mergers are those that are well thought-out, planned, and implemented, with frequent resident consultation throughout the process.
- Success of amalgamations largely depends on individual cases and unique characteristics of the cities involved.
- Amalgamations are most successful if they address local issues as identified by citizens and thereby obtain buy-in from a majority of residents.

### **DNV-Specific Conclusions:**

- A primary finding is the importance of tempering expectations for financial efficiencies resulting from a merger with the City. Although a detailed analysis must be done to support these findings, the experience of cities around the world indicates that efficiency gains should not be a primary reason to consolidate.
- The primary imperative to merge with the City from a service perspective is to begin realizing opportunities that are being missed because the two North Vancoovers are separate. Though the quality of services is high, consolidation would improve the effectiveness of the government in a number of areas, foremost among them being planning and transportation.
- Some of the major drawbacks of reunifying include implementation complexity and cost, equity considerations, and potential weakening of democratic functioning. Many of the drawbacks around the issue have been magnified during public debate in previous initiatives, and addressing them is crucial to gaining buy-in from residents.

- Some of the main drivers of cost when merging cities are operational, and these may be mitigated by consulting professionals who have experienced municipal amalgamations in the past.

## > BEST PRACTICES

Since any degree of municipal restructuring, especially a full merger of two cities, is a difficult and extensive process, it is important to develop and adhere to guidelines for decisionmaking, consultation, and communication. These guidelines for politicians and senior staff ensure that the process of amalgamation, from inception to post-merger evaluation, is conducted thoroughly and properly. Adherence to these principles minimizes the myriad risks inherent in a policy as politically and operationally difficult as municipal amalgamation.

An evaluation of amalgamations in Australia identified several such guidelines for governance during periods of municipal re-evaluation:

- The development of a clear and robust rationale for the consolidation process;
- Meaningful consultations with all affected parties at the start and during the process of change, plus trust and “good faith” in negotiations;
- Commitment and effective leadership at both political and chief executive levels with, in the case of amalgamation, transitional arrangements for leadership agreed at the outset;
- Negotiating the form of governance of the new arrangements, noting that these are best treated as a fresh start, rather than a “take-over” by one party;
- In the case of shared services, ensuring the cooperative arrangements or newly created entities are designed to engender continuing commitment (political and managerial) and provide necessary specialist expertise;
- Recognizing that change has costs and that securing staff buy-in is critical to success;
- A realistic timetable for implementation;
- An objective, independent, and ongoing evaluation program



## > RECOMMENDED NEXT STEPS

This report has put the question of North Vancouver reunification in context and sketched the main conclusions that can be drawn from the literature. This information should be used to inform the next, more thorough round of investigation into the issue in North Vancouver. This report recommends that a research plan be developed and implemented over the next two years.

A comprehensive research plan serves to test the validity of assertions made in this report as well as fill in knowledge gaps. At the conclusion of this plan District council and staff will be well-equipped to engage outside partners, better interact with residents on the issue, and begin steps towards implementation of a reunification initiative.

The installments of the research plan follow from the draft conclusions of this report, and represent the major findings from this preliminary analysis. They include draft timelines as well as specific sub-goals, key personnel to engage, and resources needed for a comprehensive evaluation into each area of inquiry.

# PROPOSED REUNIFICATION RESEARCH PLAN: 2016-2018

## STEP 1 // Spring 2016

### ABBOTSFORD-MATSQUI CASE STUDY

#### Rationale:

Any reunification initiative on the North Shore must have a solid research foundation, and a study of the Abbotsford-Matsqui merger should be the starting point for this foundation. The study will inform expectations of the reunification process and results, while flagging barriers and success factors. The study's results will help guide DNV's next steps in exploration of reunification.

#### Summary:

The Abbotsford amalgamation is the most relevant municipal amalgamation to inform the North Vancouver reunification initiative. It took place in the same province and under the same local government / regional district system as North Vancouver operates. The two cities had close formal and informal ties, and coordinated a number of services – similar to the District and City of North Vancouver.

#### Goals:

- Evaluation of benefits and drawbacks of amalgamation
- Identification of:
  - key reasons for success of referendum / political willingness to amalgamate
  - administrative difficulties of the merger and best practices through the process
  - key operational steps towards reunification

#### Key Resources:

- Interviews with councilmembers, senior staff, consultants, and volunteers engaged with the initiative
- Scholarly research / formal evaluations of the merger

#### Potential Barriers:

- Time gap may limit applicability to DNV
- Few remaining senior staff/councillors available for interview
- Dearth of data and/or formal evaluation materials

## STEP 2 // Summer-Fall 2016 SERVICES EVALUATION

### **Rationale:**

The full report's preliminary research resulted in two key findings: that the areas of planning and transportation could potentially benefit from a municipal amalgamation since they exhibit "missed opportunities," and that in most other service areas there is no pressing imperative to merge. A more fulsome continuation of this research is needed to confirm these findings and help guide priorities through the reunification process.

### **Summary:**

An exhaustive examination of every DNV service to look for benefits from amalgamation would be impractically large and costly. An investigation of planning and transportation and some shared services is realistic, however. This investigation may be able to utilize and/or update previous research, such as in shared services.

### **Goals:**

- Further investigation into individual shared services' ability to deliver on their mandates
- Identification of missing organizational linkages (ie., Parks and Recreation)
- Examination of overlaps, gaps, inconsistencies, and missed opportunities in North Vancouver planning and transportation policy

### **Key Resources:**

- CAO
- GM, Corporate Services
- Shared services department heads
- GM, Planning
- Planning staff

### **Potential Barriers:**

- Difficult to accurately determine how successful shared services are (lack of metrics)
- This step may be hindered without access to City of North Vancouver information

## STEP 3 // 2017

# FINANCIAL METRICS INVESTIGATION

### **Rationale:**

The full report found financial considerations to be a critical component of the reunification debate, particularly from a political and resident viewpoint. This research initiative would aim to provide clear-headed analysis on financials to allow for meaningful engagement with residents and outside partners to begin.

### **Summary:**

The two areas that recur as political obstacles to reunification are taxation impacts and debt levels. As such, the study should focus on these two areas to help reset the debate. Further, the District has the opportunity to broaden the conversation about the financial health of local governments beyond debt levels. This step should also re-focus the financial discussion on more holistic measures of financial robustness, and integrate District initiatives such as asset management.

Since it is unlikely that major cost efficiencies will arise post-merger, this report does not recommend a professional consultants' report on the "financial feasibility" of a merger at this juncture. An important footnote is that the accuracy of this exercise's conclusions will be compromised without the full cooperation of the City of North Vancouver and a commitment to transparent sharing of financial, tax, and service data.

### **Goals:**

- Understanding of genesis of opposition to reunification on financial grounds
- In-depth examination of tax rates differentials between the District and City and analysis of likely changes
- In-depth examination of assets and debt in the two municipalities

### **Key Resources:**

- Managers, Finance
- CNV data, resources, and other information

### **Potential Barriers:**

- Very limited access to CNV information

## STEP 4 // 2018

# CITIZEN ENGAGEMENT

### **Rationale:**

Much information is needed from citizens in order to understand all of the issues around amalgamation from a citizens' perspective. Particularly in the area of reunification drawbacks, District staff and council need to know which services matter most to citizens and how to ensure that satisfaction with services remains high through an amalgamation process. Further, a major knowledge gap involves "local factors" in amalgamation – how citizens engage politically with their governments, how that might change through consolidation, and in what ways North Vancouver "culture" is important and potentially strengthened and / or threatened by an amalgamation.

### **Summary:**

Citizen engagement could potentially take many forms and would be revisited continuously as the reunification process advances. Surveys, committees, public forums, and online engagement could all be part of the process at different points. The research indicated that strong and constructive citizen involvement is crucial to a successful amalgamation initiative.

### **Goals:**

- Identification of residents' key concerns and expectations regarding reunification
- Understanding of citizen representation function of councils, citizen participation in local government
- Document detailing major "culture" concerns among residents

### **Key Resources:**

- Blue Ribbon committee members
- Councilmembers
- Potential committee on citizen engagement
- Communications staff
- Focus groups, surveys, etc.

### **Potential Barriers:**

- Engagement should have direction at outset to prevent circular debate

# APPENDICES

## Appendix A

Local Government Act [RSBC 1996] Chapter 323

### **Vote required for the incorporation of a new municipality**

**8** (1) The minister must not recommend the incorporation of a new municipality to the Lieutenant Governor in Council unless a vote of the persons proposed to be incorporated has been taken under this section.

(1.1) If section 279 [*no forced amalgamations*] of the *Community Charter* applies, the vote under this section must be conducted separately in each of the existing municipalities.

(2) In any of the following circumstances, the minister may direct that a vote be taken of persons in an area specified by the minister respecting the proposed incorporation of those persons into a new municipality:

- (a) on the request of the council of a municipality all or part of which is in the area;
- (b) on the request of the board of trustees of an improvement district all or part of which is in the area;
- (c) on the request of 2 or more residents of any part of the area that is not in a municipality;
- (d) on the minister's own initiative, if the minister is of the opinion that those persons should, in the public interest,
  - (i) be incorporated into a new municipality, or
  - (ii) if a change in local government were made, whether they would favour the proposed new incorporation or inclusion in a specified existing municipality.

(4) A vote under subsection (3)(b) must be by 2 questions as follows:

- (a) the first question must ask whether the voter favours a change in local government for the area, either by the proposed new incorporation or by inclusion in a specified existing municipality;
- (b) the second question must ask whether the voter favours, if a change in local government were made, the proposed new incorporation or inclusion in the specified municipality.

(5) As an exception to the requirement that the question to be voted on be in a form that a voter may indicate assent or dissent, a question under subsection (4)(b) must be in a form that a voter may indicate a preference.

(6) As a limit on the authority of the minister under this section, a vote under this section must not be held in a local community under section 838 until 5 years after the later of the following:

(a) the date that the local community was established;

(b) the date that the latest vote under this section was taken in the local community.