

Information Only Report



To: Mayor and Council

File No:

Meeting Date: February 4, 2019

Submission Date: January 31, 2019

From: Peter de Verteuil, CAO

Subject: History of discussions regarding boundary restructure south of Duncan

RECOMMENDATION:

That Council receive the February 4, 2019 report of the Chief Administrative Officer on the history of discussions regarding boundary restructure (south of the Cowichan River), for information only.

BACKGROUND:

In 2005 and 2006 the City of Duncan, with a grant from the Province, conducted a boundary Restructure Study for areas south of the Cowichan River. The final report (attached) was released in March 2007.

Excerpts of the March 2007 report:

Overview of the process

The Boundary Restructure Public Steering Committee was given the tasks of assembling information about the impacts of extending the City boundary to include neighbouring parts of Electoral Area D and Electoral Area E; presenting this information to, and discussing it with, residents; and making recommendations about boundary restructure, including a recommendation about proceeding further. We engaged an independent consultant, Tom Reid of Sussex Consultants Ltd., to prepare the technical materials, lead the discussions at the public meetings, and assist us as we considered our recommendations.

The Committee was made up of:

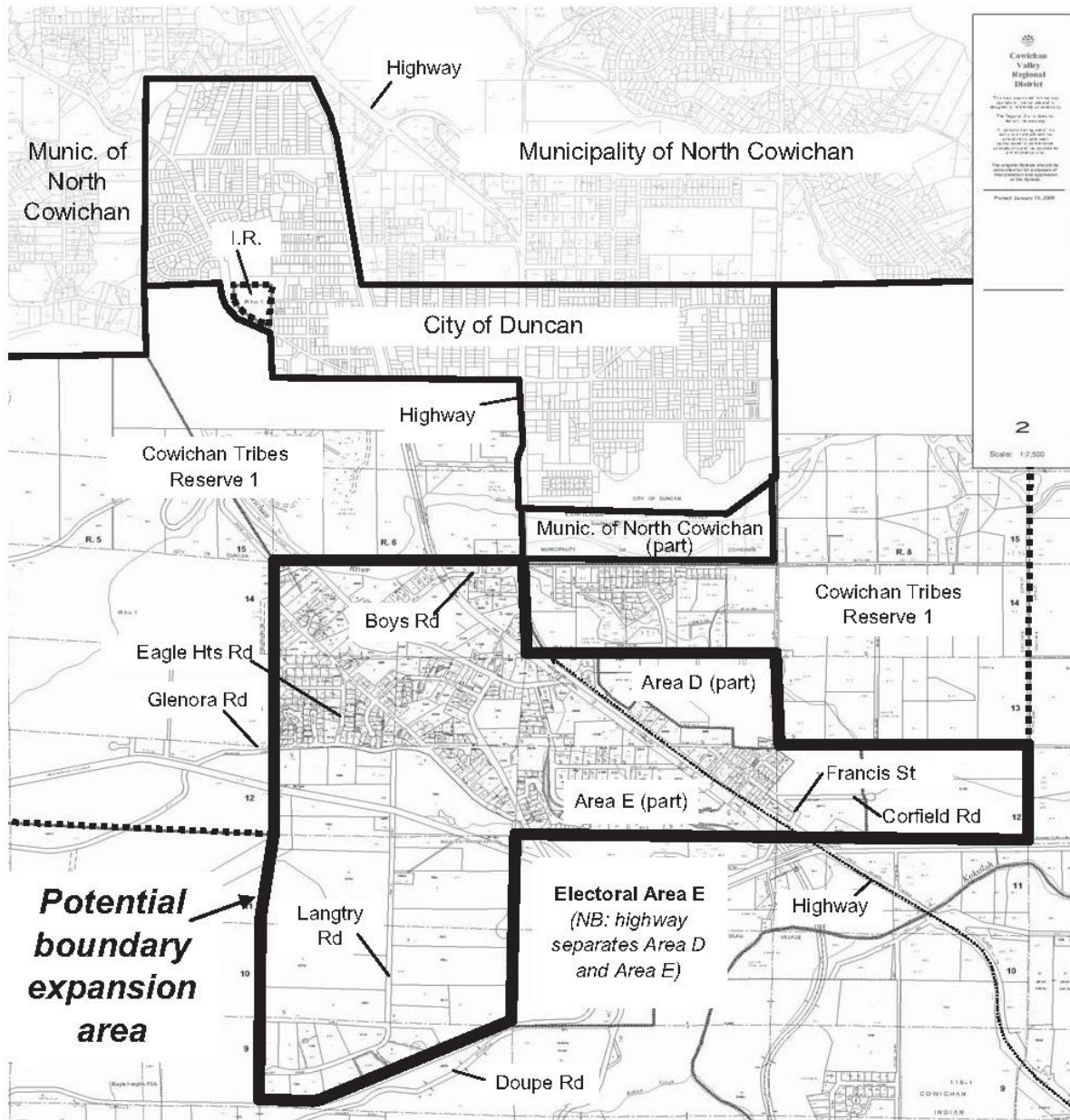
3 City of Duncan residents

3 Area E residents

2 Area D residents

1 Cowichan Tribes representative

1 North Cowichan Resident



Committee meetings

Our committee met approximately eight times, not including the public information meetings. Our meetings were open to the public. At the meetings we reviewed technical matters (like local service delivery, taxes, and boundary issues), planned the public information meetings, and discussed policies to constrain unwanted impacts.

Public information

We advertised and held two public information meetings at the Duncan fire hall. Both were preceded by newspaper ads notifying the community of the meetings.

- *The first, on April 20, 2006, included a presentation of the study process, an overview of how the current system works, and a question period. Appendix 1 of this report contains the newsletter sent in preparation for the meeting, the slides presented at the meeting, the wall charts displayed, and a summary of the questions and comments from residents.*
- *The second, on September 12, 2006, included a presentation of the findings of the Technical Report and a question and comment period for residents. Appendix 2 contains the newsletter sent out in preparation of the meeting, the wall charts that were displayed, the slide show presentation, and a summary of questions and comments from residents.*

The material produced by our consultant included the displays and presentations at the public information meetings as well as a comprehensive Technical Report and a Summary of the Technical Report. Copies of the Technical Report were made available to all interested parties in September, and we have attached another copy of the Technical Report here for the record. Appendix 3 of the current report contains the Summary.

We made the Technical Report and the Summary available in various locations in the community, including Duncan City hall, the Cowichan Valley Regional District, the library, and the Cowichan Tribes office, as well as on the web). We advertised these locations in our two newsletters.

Findings

There are a number of advantages and disadvantages to boundary extension. These may vary depending on where you live, and may vary among residents within one area. The diversity of the impacts, and of views about these impacts, mean that it is not possible to draw a simple conclusion about whether boundary extension is good or bad.

Boundary extension would provide a number of features that many people would consider advantageous, such as consistent sharing of costs among equal beneficiaries, more than one elected representative, enhanced local representation, more uniform accountability for local officials, and more comprehensive decision-making on community policies.

There are financial consequences, too. As can be seen from the Summary of the full report, joining the City would mean a tax increase unless special steps are taken to avoid this. Extending the City boundary without any tax reduction policies could mean a tax rise of \$172 for an Area E home assessed at \$200,000 and a rise of \$17 for an Area D home assessed at \$200,000. It would also mean a savings of \$113 for a home in the City of Duncan. Parallel tax rises could apply to businesses in Area D and Area E as well.

Conclusions and recommendations

We think that such tax rises – particularly the jump for an Area E home and for expansion area businesses are unacceptable. Many of the speakers at our public meeting in September 2006, where we presented these findings, indicated serious concerns over the potential financial impacts of joining the City. If these tax impacts are unavoidable, we conclude that boundary restructure is not a supportable option for the expansion area residents and taxpayers.

However, tax mitigation policies can reduce or eliminate the unwanted rises. We discussed these at the public meeting, along with the potential tax impacts.

We recognize that there are some positive aspects of boundary expansion and that the matter cannot be reduced to only property taxes. Questions such as extending the notion of “full membership” in local services and “full and equal participation” in local decision-making and elections are important concepts

that boundary expansion would address for the community. While other matters warrant consideration, the tax impacts are the dominant feature of boundary expansion.

At committee meetings on February 6th and February 27th, 2007 we adopted the following recommendations that should apply if boundary restructuring proceeds.

- 1. That the Committee recommend to the City that taxes in the electoral area restructure area be no more than 110% of the prevailing taxes in the remaining electoral area as a permanent feature.*
- 2. That the Committee recommend to the City that the ALR lands be removed from the proposed boundary restructure area.*
- 3. That the Committee recommend to the City that the taxes in the remaining areas in the CVRD affected by the boundary restructure not be significantly affected indefinitely.*
- 4. That the Committee recommend to the City that the areas adjoining the City have a minimum representation of two Councillors for the first three elections [7 years] and that the remaining Councillors and the Mayor be elected at-large.*
- 5. That the Committee recommend to the City that the water and sewer taxes and fees in the expansion must not exceed water and sewer taxes and fees in the current City area. Duncan Boundary Restructure Public Steering Study Committee*
- 6. That the Committee recommend to the City that all financial benefits from the short term assistance provided by the Province be used solely for the benefit of the expansion area properties and that roads be the highest priority.*
- 7. That the City tax rate on farm land be capped at the provincial rural tax rate in the event that any farm land becomes part of the City.*

On balance, it is the uncertainty with respect to the extent of tax impact mitigation that prevents us from making a clear “Yes” or “No” recommendation on the merits of boundary expansion. If there were no way to reduce or eliminate the unwanted financial aspects of joining the City, we would probably choose a “No” response. But we know there are some strategies and policies that could correct much or all of the tax issues, and this makes a simple “yes or no” choice essentially impossible.

Our recommendations could enhance the position of the expansion area properties if they join the City and reduce their expected tax impacts. We conclude that boundary expansion is a reasonable proposition to present to residents in the expansion area provided certain conditions apply to and accompany expansion.

Having identified a number of specific conditions that we feel are important if the matter of boundary expansion proceeds further, we leave it to those with the authority to implement the conditions and policies to decide whether or not this can be done. For example, we leave it to the City to consider the extent to which it can, or is prepared to, adopt service and tax policies that meet the goals we have set for post-expansion taxes on expansion area properties. We also leave it to the Province to consider the level of short-term transition grants it provides to help the City in meeting the tax goals.

Summary

At the end of what has turned out to be a longer than anticipated process, we are pleased to submit this for the consideration of the Elected Officials Steering Committee, the City of Duncan, and the Ministry of Community Services. We consider our mandate to be fulfilled based upon the information available.

However, we anticipate that in the near future, the City may be in a position to outline its responses to our recommendations. The Province too may have developed and refined specific policies that reflect

our suggestions. If and when this happens, we would be happy to meet with all the parties to discuss the matter further.

On behalf of the committee, I thank you for the opportunity to make this submission and trust that our efforts will prove informative, relevant and productive.

ANALYSIS:

In the months and years after the Committee provided their report, the City discussed the recommendations with Ministry Staff. **Some of the Committee recommendations were feasible, whereas others were not.**

The City explored options to create separate service areas that would decrease the tax impacts on Area D and E by not charging for services they did not receive (e.g. sidewalks, or storm sewers) through the creation of Local Service Areas (LSAs). The goal was to get the tax increase within the expansion area down to a negligible level that would negate any financial apprehension to joining the City, and make the decision more about community identity (did they feel like they were a part of Duncan). However, the increase to the residents of Area D and E were deemed to be still too large.

In subsequent years, the City revisited the cost of boundary restructure into the CVRD on a few occasions to determine how close to a negligible level the financial impacts could be mitigated. However, the increase to the residents of Area D and E were deemed to be still too large, and the uncertainty of policing costs and Cowichan Aquatic Centre Funding clouded the definitiveness of the figures.

After the 2011 municipal elections, much of the focus shifted to the idea of Amalgamation, and very little work progressed on Boundary Restructure with the CVRD.

IMPLICATIONS:

Financial:	None. For information only. The City has \$30,000 allocated to the Boundary <u>Realignment</u> Study in the budget, subject to Council consideration at a future date. The cost would likely be slightly less to explore than a study of Boundary Realignment with North Cowichan, as many of the concepts for the LSAs have already been explored, as have discussions with ministry staff as to what options are possible.
Policy/Legislation:	N/A
Strategic Priority:	Reviewing boundary restructure is on the 2014 strategic plan, subject to the upcoming review of the Strategic Plan by the new Council.
Sustainability:	N/A
Communication:	None at this time.
Staffing Implications:	None at this time; this report is for information only. Some level of effort would be required to work with the consultant to undertake an updated Boundary Restructure Study.

ATTACHMENTS:

None.