

Reference No. 2021-034

December 6, 2021

Honorable Minister Daniel Allain
Department of Environment and Local Government
Marysville Place
20 McGloin Street
Fredericton, New Brunswick
E3A 5T8

Re: Town of Sackville Response to Local Governance Reform White Paper

Minister Allain,

Your government released the White Paper on Local Governance Reform on November 19, 2021. The plan is an aggressive and fundamental change in local government structure and operations in New Brunswick. There are significant changes proposed for our municipality which will have profound and unprecedented impacts on the community.

Members of Town Council and staff had the opportunity to meet with you and your team during the consultation process. Forced amalgamation was never part of the discussion during our consultations with the province. If forced amalgamations were part of the conversations or expressed as an option, our approach, engagement and position throughout the process would have been fundamentally different. As per our response to the Green Paper submitted in July, we do not support forced amalgamation and Council's position on this matter remains unchanged. To be clear, we strongly oppose this suggestion.

On behalf of our Council, I would request that you revisit the boundaries that have been proposed and that the Village of Dorchester and Town of Sackville entities be respected. While we are not opposed to change and some expansion, forcing amalgamation between the two municipalities is, in our opinion, wrong and ill-advised.

Given the scale of changes proposed and potential impacts for Sackville, we have many questions. Our main concerns are around finance and administration, and timing.

Finances: The financial picture has not been worked out.

Sackville has worked very hard to manage our finances prudently. As a result, our municipality is viable under pre-White Paper conditions. We feel that it's important to point out that Sackville currently meets and exceeds the minimum population and tax base criteria that the White Paper suggests. We feel very strongly that forced amalgamation has the potential to disrupt this viability.

Furthermore, the big unanswered question is how taxation will work? This is a very complicated matter with significant implications. Property tax gives residents access to municipal services (eg. recreation programming, water and sewer, snow clearing). There are currently five different tax rates within the suggested entity 40. There are two different water distribution systems with differing utility rates. Furthermore, there are three fire departments with three different fire chiefs. Who makes the decision on how these separate systems will be rectified and consolidated?

In addition, each of the two municipalities has undertaken their own financial planning through the years. We need answers as to how current debt will be handled, how new borrowing is to be structured, and how municipal budgets will be created and administered with the new entity. In Sackville, we have worked hard to build reserve funds to put ourselves in a strong financial position moving forward and feel the proposed changes will damage all that has been accomplished to date. We are also in the process of tendering for a large capital project and waiting to hear on infrastructure funding for an even larger capital project. There is no clear process on how the former Gas Tax fund will be distributed amongst the new entities, or how new entities will be permitted to spend it within their new boundaries. Additionally, and importantly, how will we ensure that the interests of our community will be respected and protected with an appropriate council composition and electoral structure (e.g. wards) in a new entity? The details of how these issues will be handled and financed with the new entity must all be clearly laid out prior to the province moving forward with any changes to structure.

In our opinion, all these financial details need to be addressed before the reform process is finalized. The current proposal as outlined in the White Paper pushes the financial piece too far ahead. Delaying financial reforms until 2024 will leave municipalities underprepared and under resourced to serve their new structures. How can taxation rates not change, and the new entity provide this new range of services to the LSDs and Dorchester? The comprehensive property tax reform piece needs to be accelerated, or forced amalgamations for entity 40 as proposed for January 1, 2023 need to be delayed until this is in place.

Timing and Transition: The timelines and transition as proposed are too ambitious and hostile.

Given the scale of the proposed changes, the timelines outlined in the White Paper are too aggressive. The White Paper is portrayed as a plan, but the necessary steps and details to implement the plan are not outlined. Sackville would request, at a minimum, a two-year period to roll out the reform process.

Moreover, the transitional powers provided in section 11, such as by-laws, tax rates, budgets and broad human resources-related functions, are too wide-ranging and undemocratic. These powers essentially limit local decision-making processes which is an inherent right of municipalities. We urge you to reconsider this position and ensure that local entities are fully consulted and in control of their decision-making powers throughout the transition process. Additionally, we would request that an arbitration process be established to reconcile differences between the needs of our town and community, and those of the transition team.

Existing Municipal Contracts: What is the impact of Local Governance Reform on existing municipal contracts, such as Sackville's Collective Agreement and Municipal Policing Service Agreement (MPSA)?

Our contract with CUPE Local 1188 expires on December 31, 2021, and negotiations are scheduled to start in early 2022. How do we negotiate in a fair and reasonable way knowing the municipality as we know it is coming to an end? What term should we be working with? There are also potential impacts and costs of adding employees from Dorchester to consider. The two municipalities each have different pension plans, different wage and benefit structures, and incorporating them into a new entity may be a long and difficult process.

We are currently in year nine of a 20-year contract with the Federal Government for our municipal police force. Changes to this contract may also have major implications on our financial viability, where we currently rent space in the Town Hall to our rural detachment. The remainder of the proposed entity 40 is serviced through a Provincial Policing Service Agreement (PPSA). As we move forward, will we still have a MPSA? How will policing be managed and who will the RCMP report to? Will part of the entity be reporting to Council (MPSA) and the remainder reporting to the province (PPSA)? Moreover, the Federal government requires a two-year notice of termination of contract.

There are also a number of other contracts to consider, such as IT services and water distribution.

Previously Raised Concerns: In our response to the Green Paper, we raised the following as existing areas of concern that Local Governance Reform should address.

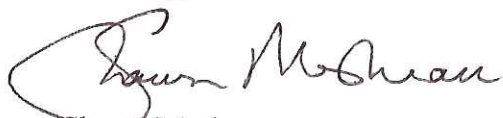
- **Truth and Reconciliation:** We recommended that the province consider the *Truth and Reconciliation Commission of Canada: Calls to Action* as they moved forward with Local Governance Reform. There is very little mention of our indigenous neighbours in the White Paper, and limited consultation.
- **Climate Change:** New Brunswick needs a provincial planning framework that addresses the most important issue facing our province, climate change. The White Paper says that Climate Change will be addressed in statements of public interest but doesn't provide any framework for how implementation will be carried out at the municipal level.

- Recreation: Recreation was identified as an area with potential for regional collaboration. A significant number of recreation facility users (40% of rink users) live outside the municipal boundary. These residents are not fully responsible for the costs of the services they receive.
- Equalization Grants: Sackville provides essential services for the Mount Allison student body, but the student population is not counted in our equalization formula and campus buildings are underassessed. We recommended that the student population and the provincial assessments be included in the equalization formula, or both be excluded from the formula to make it more equitable. The grant is already unfairly applied, before the proposed inclusion of Dorchester and surrounding LSDs.

In conclusion, we think the reform process as outlined in the White Paper provides too little detail, leaves too much to be worked out, and gives too short a window. There are many significant items that don't seem to have been considered during the process, such as taxation, finance and administration, and municipal contracts.

We trust that you will take our concerns seriously, including our suggestion to revisit forced amalgamation and the boundaries presented for Sackville, Dorchester and surrounding areas. Our Council recognizes the need for change and is committed to working with the province to improve how our local governments work. We look forward to discussing this issue with you further in the weeks and months ahead.

Sincerely,



Shawn Mesheau
Mayor, Town of Sackville

Cc: Sackville Town Council
Jamie Burke, CAO
Ryan Donaghy, Acting Deputy Minister, Environment and Local Government
Union of the Municipalities of New Brunswick
MLA Megan Mitton
David Coon, Green Party
Roger Melanson, Liberal Party
Kris Austin, People's Alliance Party