

**Form 1-15**

**Proposal to Establish, Restructure, Dissolve a Municipality**

**Pursuant to the *Municipal Government Act* R.S.P.E.I. 1988, CAP. M-12.1., Sec. 15, and Principles, Standards and Criteria Regulations**

**Completing your Application: Important Information**

- ✓ The Principles, Standards and Criteria regulations will be used to evaluate all proposals. Proposals must demonstrate the ways in which they meet the requirements in the regulations.
- ✓ If your proposal is below thresholds set out in the MGA, a record of ministerial approval must be attached to this submission in order for the application to proceed.
- ✓ It is the responsibility of the municipality or the person or persons petitioning to establish, restructure or dissolve a municipality to ensure that all applicable provisions in the Municipal Government Act and Regulations have been addressed in this proposal.

**Part 1: General Information: Description of Proposal**

1. This proposal is to: Establish a municipality
2. Reason for the proposal: Create a stronger, more viable and more sustainable municipality.
3. Names of all adjoining municipalities or unincorporated areas and any other municipality or unincorporated area that may be affected: All communities in the Cardigan, Georgetown and Montague Fire Districts as outlined in the proposal.

**Part 2: Instructions for completion of this form**

- Complete **Box A** if proposing to **establish** or **restructure** a municipality  
Or
- Complete **Box B** if proposing to dissolve a municipality.

**Required Information:** If you are proposing to establish or restructure a municipality, you must submit the following information:

- ✓ Financial plan
- ✓ Capital assets, both existing and proposed
- ✓ A map depicting, in detail, the new boundaries being proposed
- ✓ A copy of the resolution by council to approve making application to establish or restructure a municipality
- ✓ If proposal is being submitted by a group of petitioning electors, a copy of the petition and the name of the representative for the petitioning electors in a format that complies with subsection 15.(6) of the MGA

**Box A: Proposal to Establish or Restructure a Municipality**

1. What is the proposed name: Greater Three Rivers Area
2. What is the proposed class: Town
3. What is the office location: 24 Queens Road, Montague, PE or 358 Shore Road, Cardigan, PE C0A 1G0
4. Is a financial plan included: Yes
5. What is the estimated total property assessment: \$500,000,000
6. What is the estimated population: 7500
7. List proposed services to be provided: All as required under the Act and as outlined in the proposal.
8. List of all capital assets, existing and proposed: As in attached proposal.

**Submission Checklist (please ensure that the following information is included)**

**Box B: Proposal to Dissolve a Municipality**

1. What is the name of the municipality proposed for dissolution: Click here to enter text.
2. Is a copy of the resolution approving application attached: Choose an item.
3. A plan for sale/transfer of assets must be submitted with this application. Is the plan attached?  
Choose an item. If no, provide details and a submission date for the plan: Click here to enter text.
4. A plan for settlement of debts/obligations must be submitted with this application. Is the plan attached: Choose an item. If no, provide details and a submission date for the plan: Click here to enter text.
5. Have any other plans been established to address dissolution issues? If so, please provide any additional information that is applicable: Click here to enter text.

**Part 3: Additional Information**

Please provide any additional information that you think will assist in the assessment of this proposal:

Links to further info: <http://www.3riverspei.com/> ; <http://www.3riverspei.com/wp-content/uploads/2016/08/Three-Rivers-Study.pdf> ; <http://www.3riverspei.com/wp-content/uploads/2016/11/Three-Rivers-Region-Public-Consultation-Process-Summary-Report-November-....pdf> ; <http://www.3riverspei.com/wp-content/uploads/2016/08/Three-Rivers-Projections August 2017.pdf>

**Signature:**

Scott Annear  
Name (Print)



Name (Sign)

Mayor  
Title

**Contact Information:**

Municipality (If Applicable): LOWER MONTAGUE

Address: 179 LOWER MONTAGUE RD, MONTAGUE, PE COA 1R0

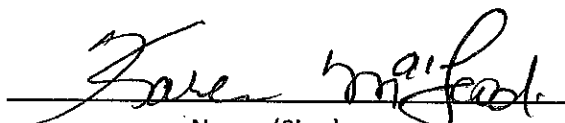
E-Mail: ADMINISTRATOR@LOWERMONTAGUE.CA

Phone: (H) 902-838-5405 (c ) 902-969-4463

**Signature:**

Karen MacLeod

Name (Print)



Name (Sign)

Mayor

Title

**Contact Information:**

Municipality (If Applicable): LORNE VALLEY

Address: 415 BRUDENELL POINT ROAD RR#4, MONTAGUE, PE COA 1R0

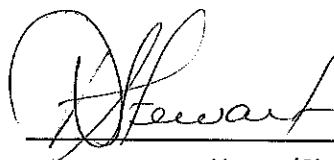
E-Mail: LINDABARRY.BRUDENELL@GMAIL.COM

Phone: (H) 902-838-4160

**Signature:**

Dalene Stewart

Name (Print)



Name (Sign)

Mayor

Title

**Contact Information:**

Municipality (If Applicable): CARDIGAN

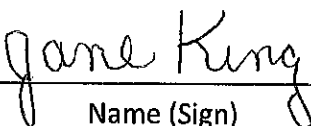
Address: PO BOX 40 CARDIGAN PE COA 1G0

E-Mail: VILLAGEOF CARDIGAN@GMAIL.COM

Phone: (H) 902-652-7693 (c ) 902-218-0025

**Signature:**

Jane King  
Name (Print)

  
Name (Sign)

Mayor  
Title

**Contact Information:**

Municipality (If Applicable): VALLEYFIELD

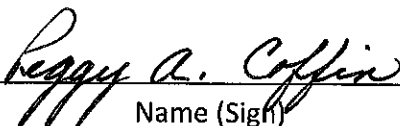
Address: 1783 Queens Road Lyndale PE C0A 1R0

E-Mail: DENMARGCAMPION@HOTMAIL.COM

Phone: (H) (902) 838-4447

**Signature:**

Peggy A Coffin  
Name (Print)

  
Name (Sign)

Mayor  
Title

**Contact Information:**

Municipality (If Applicable): BRUDENELL

Address: 415 Brudenell Point Road RR 4 Montague PE C0A 1R0

E-Mail: LINDABARRY.BRUDENELL@GMAIL.COM

Phone: (H) (902) 838-4160

Personal information of applicant(s) on this application is collected under the *Freedom of Information and Protection of Privacy Act* of PEI, Section 31(c), as it is necessary for processing this application to establish, restructure or dissolve a municipality.



## **OLD LORNE VALLEY SCHOOL**

**Community of Lorne Valley  
415 Brudenell Point Rd. RR5  
Montague PE, C0A 1R0**

**Phone: 902-838-4160**

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### **RESOLUTION**

**It was moved by David McGrath and seconded by Walter Shaw:**

**“That the Community of Lorne Valley continue to proceed ahead with the Three Rivers amalgamation process and to take all steps as required in order for this process to continue to move forward.”**

**Motion Carried---vote 3-1 in favour.**

**I hereby certify the above to be a true copy of a resolution  
Passed by the Community of Lorne Valley at a meeting  
Held on the 11<sup>th</sup> day of January ,2018.**

  
**KAREN M. MACLEOD, CHAIRPERSON**



## Municipality of Valleyfield

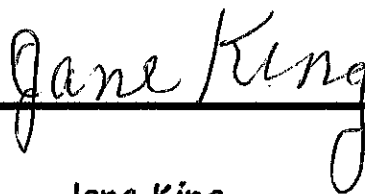
### Resolution

It was moved by Councillor Seeley and seconded by Councillor Stanley:

*"That the municipality of Valleyfield join the five other municipalities in the Three Rivers area to form a new municipality."*

Motion Carried Unanimously

I hereby certify the above to be a true copy of a resolution duly passed by the Council for the Municipality of Valleyfield at a meeting held on the 12th day of February, 2018



Jane King  
Mayor



Margaret Campion  
Chief Administrative Officer

**VILLAGE OF CARDIGAN  
REGULAR MONTHLY MEETING  
Minutes  
February 12, 2018**

**Present:** Dalene Stewart, Ralph Barrett, Yvonne Webster, Herman VandenBroek, George VandenBroek, Kathy Patterson

**Councillors Not Present:** Maxine MacLennan

**Guests:** Dwayne MacIntyre, Mary-Joe Trainor

**Approval of Agenda – Moved by Ralph to adopt the agenda as presented, Seconded by George, Carried.**

**Approval of January 8<sup>th</sup>, 2017 minutes – Moved by Yvonne to adopt the minutes as presented, Seconded by George, Carried.**

**Disclosure of Conflict of Interest - None**

**Business arising from minutes:**

**Public Input - None**

**New Business**


1. **Request from Cardigan School** – Lisa Myers has requested to use the Village Office/Fire Department in the case of an emergency situation at the school. **Kathy moves to allow the Cardigan Consolidated school to use the Village Complex in the event of an emergency. Seconded by Herman. Carried.**
2. **Electronic Sign** – We have received quotes from both Sign City and Yesco on the same sign Technology. The two quotes are \$33,888, and \$34,399 respectively. The main difference here is the one from YESCO includes post and bracket installation. Council felt this was too high, so will go back to get a firm price on a one sided sign. Andrew will also check with Highways to determine what permits are required.
3. **Village Entry Signs** – Quotes from Shiny Paint Art Co. for \$3750+HST and Lorraine Vatcher for \$2000. **Herman moves to accept the proposal from Lorraine Vatcher for \$2000. Seconded by Ralph. Carried.**
4. **Burner on Furnace** – Dwayne has had to get Kamstar in to fix the furnace. This may need a new burner, which would cost approximately \$560, + Labour. **Ralph moves to approve replacing the Furnace Burner if necessary to a maximum of \$560. Seconded by Kathy. Carried**
5. **Insurance** – Adding on Directors Liability – Under the MCEG agreement, we are eligible to get 10% of any capital expenditures back from the province. Part of the requirement is that we have Directors Liability insurance, which we do not currently have. **Kathy moves to add directors liability insurance to the policy. Seconded by George. Carried.**
  - a. **Items brought up during inspection** – Need to replace swings in Village Green,


- b. Roof of Farmers Market recommended to be replaced. – **We will invite them to the next meeting to discuss this.**
- c. The insurance company refused to add the Cardigan house for liability insurance, so council will need to make a decision on this very soon.
- 6. **Winter Carnival** – Friday night will be fireworks, pizza, snacks, and singing. Saturday will be either sledding, or skating at the Georgetown rink, and trivia Saturday night with prizes from local businesses. Cardigan Bearing and Steel will donate \$100 for prizes for the first place team.
- 7. **New Municipal Government Act Considerations** – Andrew attended a meeting with the province to discuss the changes to the MGA. Andrew discussed the changes with council, and potential costs associated moving forward. This will need to be considered when drafting a budget.
- 8. **Birm beside Village Green – Mary Lee Little** – Water is running down the Village Green and moving towards her house. Dwayne has watched this during peak water and ice times, and has not seen any water going over the birm
- 9. **Clamdiggers Request** – The new owner is requesting a letter of support in opening Clamdiggers in the old Cape Light location. **George moves to provide a letter of support to Clamdiggers in opening the restaurant. Seconded by Yvonne. Carried.**
- 10. **New Business** – George and Herman met with an individual who is looking to start a new business in or close to Cardigan. Due to the confidentiality of this issue, details are not included in minutes, however council will request to meet with the person interested.
- 11. **Cardigan House** – Due to the pressure of not having insurance on the building, council discussed multiple options for the Cardigan House. Nothing was decided at this time, however councilors will explore options before March's meeting
- 12. **2018 Budget** – This will need to be discussed and complete before March's meeting. As per the new MGA, there will be no AGM this year.
- 13. **3 Rivers Proposal** – The proposal was discussed at length by council, including benefits and drawbacks of moving forward with it. **Moved by Kathy to proceed with the Three Rivers Proposal, as detailed in the MRSB report on amalgamating with 5 other communities; Montague, Lower Montague, Brudenell, Valleyfield, and Lorne Valley. Seconded by Herman. 3 in agreement, 2 opposed. Motion Carried.**

Financial Statement – Not Available at this time, as the information is currently with Auditors.

Next Meeting            Monday, March 12<sup>th</sup>.

Adjournment   Ralph moves to adjourn the meeting at 9:30.

  
Dalene Stewart, Mayor

  
Andrew Rowe, CAO

Lower Montague Community Council

Minutes of Council Meeting of February 7<sup>th</sup>, 2018

Present: Dale Hume, Maureen Ross, Sean Halley, Russ Noiles  
Scott Annear, Suzanne Aitken, Geraldine Martin, Niall MacKay, Melda Patterson-Jones,

Regrets: N/A

1) **Call to Order** – 7:30PM

2) **Regrets** – N/A

3) **Approval of Agenda**

Motion: Maureen/Geraldine  
Carried

4) **Conflict of Interest** – N/A

5) **Approval of Minutes of the Meeting of January 10, 2018** - Errors/Omissions

Motion: Suzanne/Russ  
Carried

6) **Planning Committee Report - Permit Approval**

Kris and Mindy Johnston – Building Permit application. Motion was made to approve.

Motion: Sean/Dale  
Carried

Jim O'Holloran – Niall provided update to advise Mr. O'Holloran's request for a seal on his survey approved in Sept 2009, was provided.

**Memorandum:** Advice to municipal planning authorities regarding professional standards and design – Niall provided an update on the Memorandum from Samantha Murphy Manager, Municipal Affairs. Niall and Melda will be reviewing further and will keep Council apprised.

7) **Delegations, Special Speakers, Public Input**

A public discussion was held in response to a flyer the residents of the Community of Lower Montague which they received at their homes in regards to amalgamation. This flyer was not initiated/distributed by Council.

After a discussion of the pros and cons of amalgamation Council voted.

**Motion:** Should the Community of Lower Montague proceed with amalgamation with up to six other incorporated communities and the surrounding areas as proposed?

Dale/Geraldine

**Amended Motion** – Motion was amended as follows:

**Motion:** Should the Community of Lower Montague proceed with amalgamation as long as up to five incorporated communities agree to amalgamate?

Sean/Suzanne  
Carried

Council voted unanimously to proceed with amalgamation.  
Carried

#### 8) **Correspondence**

**Thompson's Dam** – Melda followed up by an email to Bob Wakelin regarding an earlier request for a survey. To date no response. Melda will follow with a call to Mr. Wakelin.

**Federal Program – Summer Jobs 2018** – Program is not applicable in our regards.

**"BLOG PEI.ca"** – An email was received from Cherryl Bobis inviting Lower Montague Community Council to submit community news in a new blog for PEI. Melda will follow up and report back to Council.

**Federations of Canadian Municipalities (FCM)** – A letter was received inviting the Community of Lower Montague to become a member of FCM. There is an annual fee of \$234.16. Council declined.

#### 9) **Business arising from the last meeting - N/A**

#### 10) **Financial Report**

Geraldine Martin presented the December 2017 Financial report.

Motion: To accept Financial Report as presented  
Sean/Russ  
Carried

**Transfer of Funds** – Melda will be in touch with Mella & Shea in regards to transferring monies to cover expenses of the EDA Worker and his assistant.

#### 11) **Other Committee reports**

Scott provided a brief update regarding the Three Rivers Steering Committee.

#### 12) **New Business**

**New Municipal Act Transition Timeline** – Councillors were proved the timeline report. Further updates/reviews as necessary will be provided at upcoming meeting.

**Budget 2018** - A Budget Committee was formed to prepare the 2018 Budget. Members will be advised of dates and times.

Committee members are as follows:

Sean Halley – Chair  
Geraldine Martin  
Russ Noiles  
Melda Patterson-Jones

**By-Laws – Full Review** - A By-Law Committee will meet to review. Members will be advised of dates and times.

Sean Halley – Chair  
Niall MacKay  
Suzanne Aitken  
Melda Patterson-Jones

**NOTE:** In addition, three to four residents of the Community of Lower Montague will be approached to sit on this committee as well.

**Public Pre-Budget Meeting (Formerly known as Annual Meeting prior to the New Municipality Act)** – Meeting was set for March 21, 2018 7:30 pm with a storm date of March 22 2018 7:30PM.

**Note, with the new Act, Council may have the meeting and budget at the same time. As a result an update may follow with regards to date and time.**

**Gift Card** - Gary Matheson made an emergency call to the Lower Montague Community Council office and did so at no charge.

Motion: To present Gary Matheson with a \$30.00 Tim Horton's gift card.

Motion: Suzanne/Geraldine  
Carried

Melda will purchase the gift card and a Thank You card.

**Audit** – Melda was in communication with Rachael Mella of Mella & Shea. The T4's have been completed and files for the audit will be delivered to the Montague Office the week of February 19, 2018.

13) **Next Meeting** – March 7, 2018 7:30PM

14) **Adjourn** – 8:55PM

Motion: Dale/Sean

Community of Brudenell Minutes

December 4, 2017

At 7:00pm, Vice Chairperson David Wisener called the regular meeting of the Brudenell Council to order.

**Present:** Councillors Brian Harding, David Wisener, Charlie Fitzpatrick, Jim Johnston, and Eric Grant

And Chairperson Peggy Coffin

**MOTION:** A motion was made by Jim Johnston to approve the minutes from the November 6th meeting. It was seconded by Charlie Fitzpatrick. All were in favour and the motion passed.

The council reviewed the agenda to see if there were any conflict of interest issues.

**MOTION:** A motion was made by Brian Harding to approve the agenda. It was seconded by Eric Grant. All were in favour and the motion passed.

Brian gave an update on the Three Rivers meetings. Lorne Valley, Lower Montague, and Valleyfield have upcoming public meetings and the rumours about Georgetown thinking about coming back to the group were not true. Georgetown is now exploring the idea of Georgetown, Georgetown Royalty, and Burnt Point joining together.

Peggy arrived and began chairing the meeting. She said it was time for Council to decide what we do next on the amalgamation issue.

**MOTION:** A motion was made by David Wisener for council to finish the vote on amalgamation since there wasn't a majority of voting residents at the public meeting. The council voted, and the majority were in favour of continuing with amalgamation and the motion passed.

**Stantec**

John Heseltine emailed inquiring about payment and wanting to get some loose ends tied up and complete the report. Linda had received an email from the province stating that the funding should be deposited this week. Council agreed that when the funding comes through, we will pay 50% of the total bill with the balance to be paid upon completion of the report. Peggy was wondering if we could get specifics on what issues needed to be completed and if there is anything you can put in that would address "tiny houses".

### **Jay MacDonald Subdivision**

Linda had the survey plans for the Jay/MacDonald subdivision. The two property owners are each subdividing two lots from their property.

**MOTION:** A motion was made by Dave Wisener to give preliminary approval to the subdivision of Parcels B & D from PID 809913 belonging to Mary Jay as shown on the Survey Plans for PID 422006 and PID 809913 Drawing 17044-1. It was seconded by Charlie Fitzpatrick. All were in favour and the motion passed.

**MOTION:** A motion was made by Brian Harding to give preliminary approval to the subdivision of Parcels A & C from PID 422006 belonging to Joan MacDonald as shown on the Survey Plans for PID 422006 and PID 809913 Drawing 17044-1 pending the consolidation of Parcels A & C as per note 5 on the survey plan to meet one acre requirement. It was seconded by Eric Grant. All were in favour and the motion passed.

**MOTION:** A motion was made by Charlie Fitzpatrick to give preliminary approval to the subdivision of Parcels B & D from PID 809913 belonging to Mary Jay as shown on the Survey Plans for PID 422006 and PID 809913 Drawing 17044-1. It was seconded by David Wisener. All were in favour and the motion passed.

**MOTION:** A motion was made by Brian Harding to give preliminary approval to the subdivision of Parcels A & C from PID 422006 belonging to Joan MacDonald as shown on the Survey Plans for PID 422006 and PID 809913 Drawing 17044-1 pending the consolidation of Parcels A & C as per note 5 on the survey plan to meet the one acre requirement. It was seconded by Eric Grant. All were in favour and the motion passed.

Charlie Fitzpatrick thought we should get a motion sensor light at the school for safety reasons. It is pretty dark and we are coming in to the time of year when the walking may not be the best. David said he would look after getting a new motion sensor light installed.

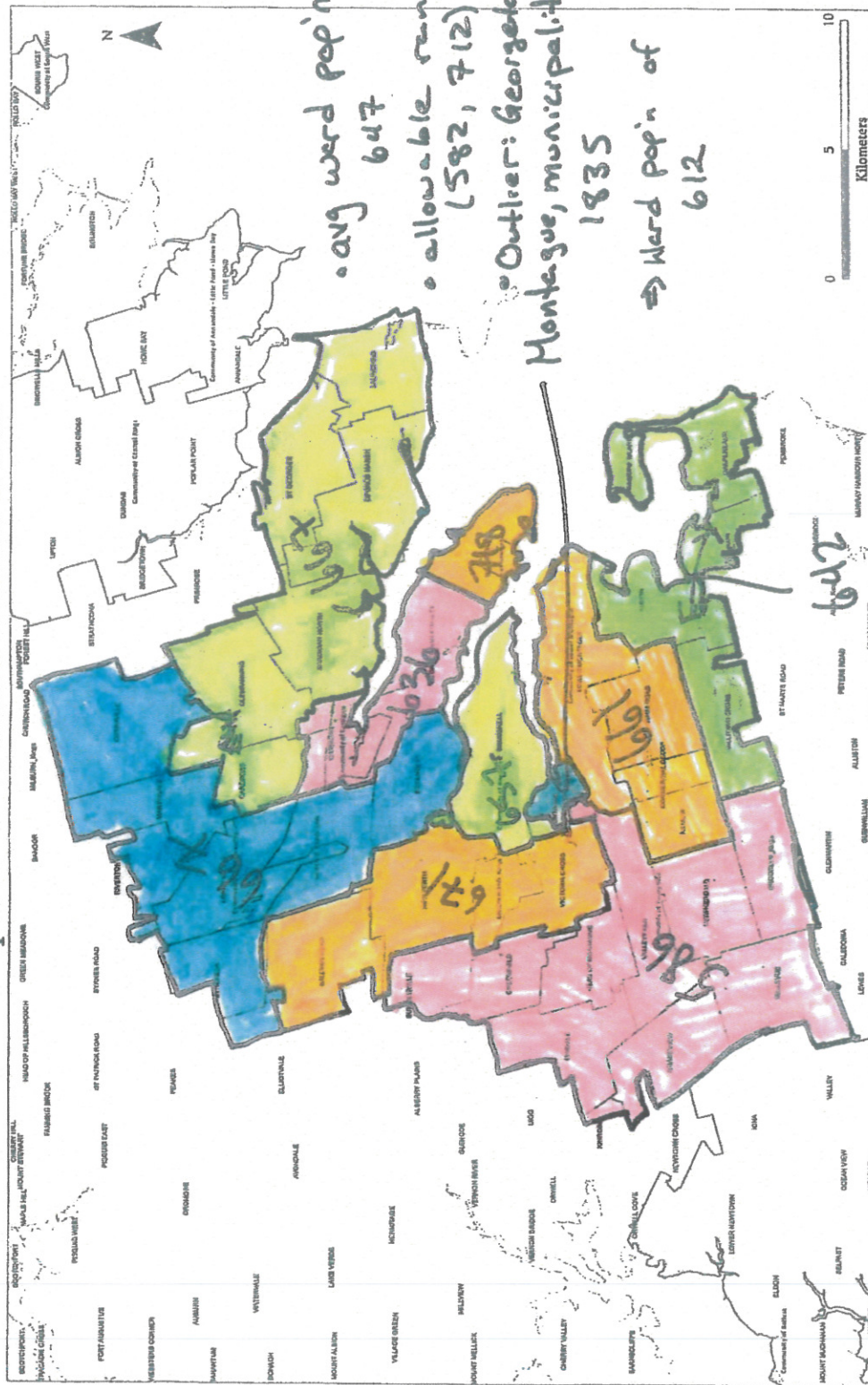
Charlie Fitzpatrick also brought up the traffic issue at the end of Roberson Road that many residents have mentioned to him. The corner was always busy, but is getting quite dangerous now with the establishment of the car wash, two more stands of mailboxes being added and the cars parked on the side of the road from Sam's Tire. Two suggestions that might help the problem would be: (1) to reconsider installing a traffic light and/or Move the Canada Post mailboxes be moved further down the road ( maybe even down as far as Durabelt. Council wants Linda to send letters to Dept of Highways, Canada Post and Al Roach, and Brian will talk to Al Roach on the matter as well.

Meeting adjourned at 7:50

Next Council Meeting: January 8, 2017

OTHER 9 (1 CONVERSION)

## Proposed Three Rivers Election Wards



719  
647  
used paper

- allowable range (21, 285) (582, 712)

Outlier: Georgetown ward Montague, municipality

1835

⇒ Word pop'n of 612

Proposed transition plan for the (Town of) Greater Three Rivers Area

- Current Councils continue until November election
- New Greater Three Rivers Area (GTRA) Council elected in November 2018 election and start working on transitional items such as staffing, budget, Official Plan bylaw development and EMO planning
- Current Councils continue until March 31, 2019 to finish out 15 month budgets and wind up current projects
- New GTRA Council takes over April 1, 2019

Aug. 25/16  
Newsletter sent to 3 Rivers  
citizens

Newsletter: Issue#1

## How can you get involved in the process?

### We want to hear from you!

Our region is facing some challenges in terms of our overall long term sustainability. We need all residents of the Cardigan, Georgetown and Montague fire districts to participate in public dialogue to chart the best future for our region.

Your comments and questions can be sent by email to [info@3RiversPEI.com](mailto:info@3RiversPEI.com) our website is:

[www.3RiversPEI.com](http://www.3RiversPEI.com)

We also have a Facebook page:

[www.facebook.com/threeriverscommunities](http://www.facebook.com/threeriverscommunities)

**This fall we will be taking the process to the public for consultation in an area near you.**

#### Who is on the Steering Committee?

- Brudenell – Peggy Coffin, Brian Harding
- Cardigan – Dalene Stewart, Andrew Rowe
- Georgetown – Lewis Lavandier, Tonya Perry
- Lorne Valley – Karen MacLeod, David McGrath, Lorne Fraser
- Lower Montague – Scott Annear, Maureen Ross
- Montague – Wayne Spin, John MacFarlane
- Valleyfield – Jane King, Lawrence Millar, Jeremy Stanley
- CAO Staff: Linda Barry, Margaret Campion, Andrew Daggett, Melda Jones, Tonya Perry, Andrew Rowe

#### What has the steering committee been up to?

Steering committee formed to oversee a public engagement process which will allow for input from residents. P. Wood & Associates completed a report to identify potential boundaries and options for cooperation. MRSB Consulting Services (Everett Roche, CPA, CA and Brenda Wedge, CPA, CGA) have been engaged to prepare a detailed financial analysis.

This new potential area (see map inside) would be the 4th largest municipality in PEI creating a stronger voice than any individual community in this region would have. NO local community names to be changed.

**If you live in the Cardigan, Georgetown or Montague fire districts the following information is Important to you!**

### Three Rivers Area Communities

Community Update: For almost two years, seven communities in the Three Rivers Region have worked toward finding sustainable solutions for the major issues our communities face including, a declining and aging population and what is the most efficient way to provide services to our citizens into the future.

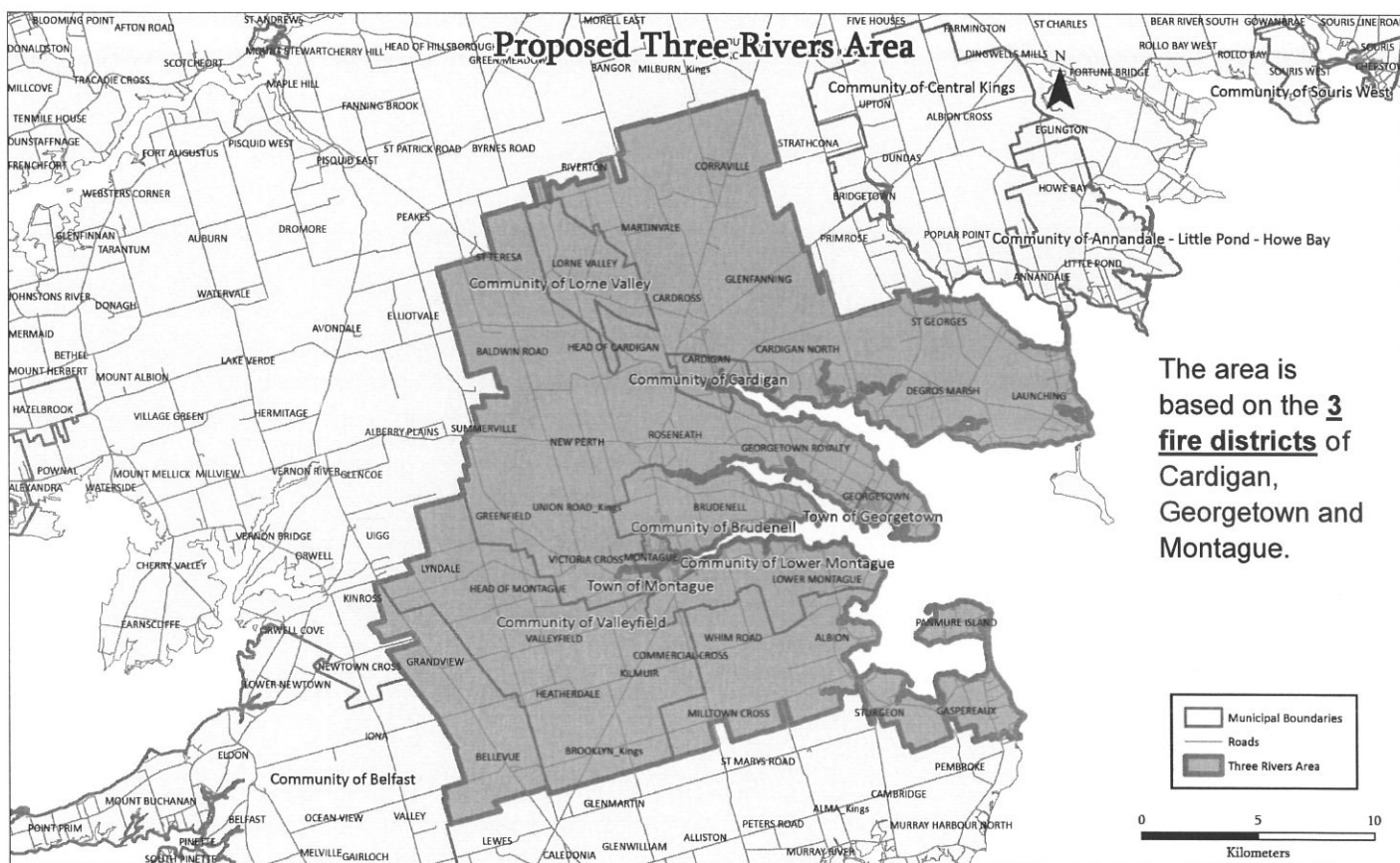
The work of the Steering Committee is guided by the core principles of tax fairness, fair representation, continued community identity and equal or enhanced provision of services.

Why we started the discussions in the first place?

- Communities were identifying future issues they would have difficulty solving alone.
- Small communities have been experiencing increasing challenges in growing their population and economy.
- All Provincial Governments are encouraging the reduction of the number of small communities, so they become sustainable.
- Status quo is not working for small communities.

This has led the seven municipalities in this region to commence discussions about possible ways to:

- ✓ resolve issues we were having difficulty solving alone;
- ✓ maintain long-term community sustainability;
- ✓ meet the needs of residents with limited resources and infrastructure that is aging;
- ✓ strengthen key services; and
- ✓ work together to create a new larger regional municipality.



Our **next newsletter** later this month will address some of the common questions we are hearing and **update you with any new information, including a schedule of public meetings**.

*7 Communities— Working Together—For the STRENGTH & BENEFIT of OUR REGION*

Oct. 31/17 Newsletter sent  
to 3 Rivers citizens

### **PROPOSED TAX RATES:**

Proposed new base tax rates are listed below (excluding Fire Dues) and are based on per \$100 of assessed value. \$0.01 per \$100 of assessed value equals \$10/year on a \$100,000 assessment.

Community	Residential	Commercial
Unincorporated	0.05	0.38
Brudenell	0.09	0.38
Lorne Valley	0.09	0.38
Lower Montague	0.09	0.38
Valleyfield	0.09	0.38
Cardigan	0.26	0.38
Georgetown	0.67	0.90
Montague	0.53	0.90

### **Examples:**

\$0.05 per \$100 = \$50/year in taxes on a house assessed at \$100,000.

\$0.38 per \$100 = \$380/year in taxes on a business assessed at \$100,000.

Provincial taxes on the same house equal \$1.00 per \$100 of assessed value = \$1000/year.

### **Farm Assessments:**

Registered farms are taxed according to their farm assessment. The new tax will also only apply to the farm assessment, so for each \$100,000 of farm assessment, you will pay about \$50 more in taxes.

### **What Do I Get For My Taxes?**

- You will get a larger and more sustainable community with better financial resources to attract business and residents.
- You will get a land use plan to protect your property from unwanted development (think what would happen to your home value if a shooting range or gravel pit opens next door).
- You will get a say in your local government, and have a chance to be part of that local government.
- Everyone in the community will be contributing to the betterment of the region as a whole.
- You will have a stronger voice with the Provincial Government on important issues pertaining to the region (one Municipality of 8000 people will have more sway than smaller communities of 200 to 2000).
- You will get regional support to maintain and expand existing recreation facilities.
- For the unincorporated areas, representation would now be local rather than provincial.

**The region:** “Three Rivers” is just a place holder name and includes all of the Cardigan, Georgetown and Montague Fire Districts.

**How will my community benefit?** Going from separate municipalities to one will allow for administrative savings in the future – for example instead of having financial audits for each incorporated community, there will be one. There will be one land use plan. The new administration will be supplying services to a larger population in a large geographic area. People who have never had a range of municipal support services will now have access to local representation on key issues.

**How much will this cost?** MRSB has prepared a “draft” budget for discussion based on other similar sized municipalities. This allowed different tax rates to be projected for different parts of the municipality. The “MRSB Draft Report” can be found on the Three Rivers website [www.3riverspei.com](http://www.3riverspei.com) as well as the website of the various incorporated communities.

**What about provincial funding?** The Steering Committee has received confirmation from the Provincial Government that a new municipality would receive similar funding as other large municipalities on Prince Edward Island and have at least the same total funding as the Three Rivers Region receives today.

**Fire Departments:** Three Fire Departments exist now. **There will be no change in the current service areas or fees for this service.**

#### **Governance for the Proposed New Municipality**

A Council of 12 Councillors plus a Mayor is proposed for the initial 2018-2022 term. This Council will be made up of representatives from all incorporated areas as well as representatives from the unincorporated areas. Wards will be based on representation by population of approximately 650 people per Councillor. As population changes in the future, ward boundaries will be reviewed to reflect the changes. Representation by Population is the Canadian standard for all elections.

#### **Staff**

In our area, many small municipalities do not have full time administration. Under the new Provincial Municipal Government Act, a community will be required to have a minimum 20 hours of on site administration time per week as well as additional responsibilities. These new requirements will cost each incorporated community approximately \$20-30,000 more per year, as Georgetown and Montague are now the only ones meeting these criteria. The synergy created by regionalization of the existing communities would reduce the costs by over \$100,000 in total.

#### **Community Names**

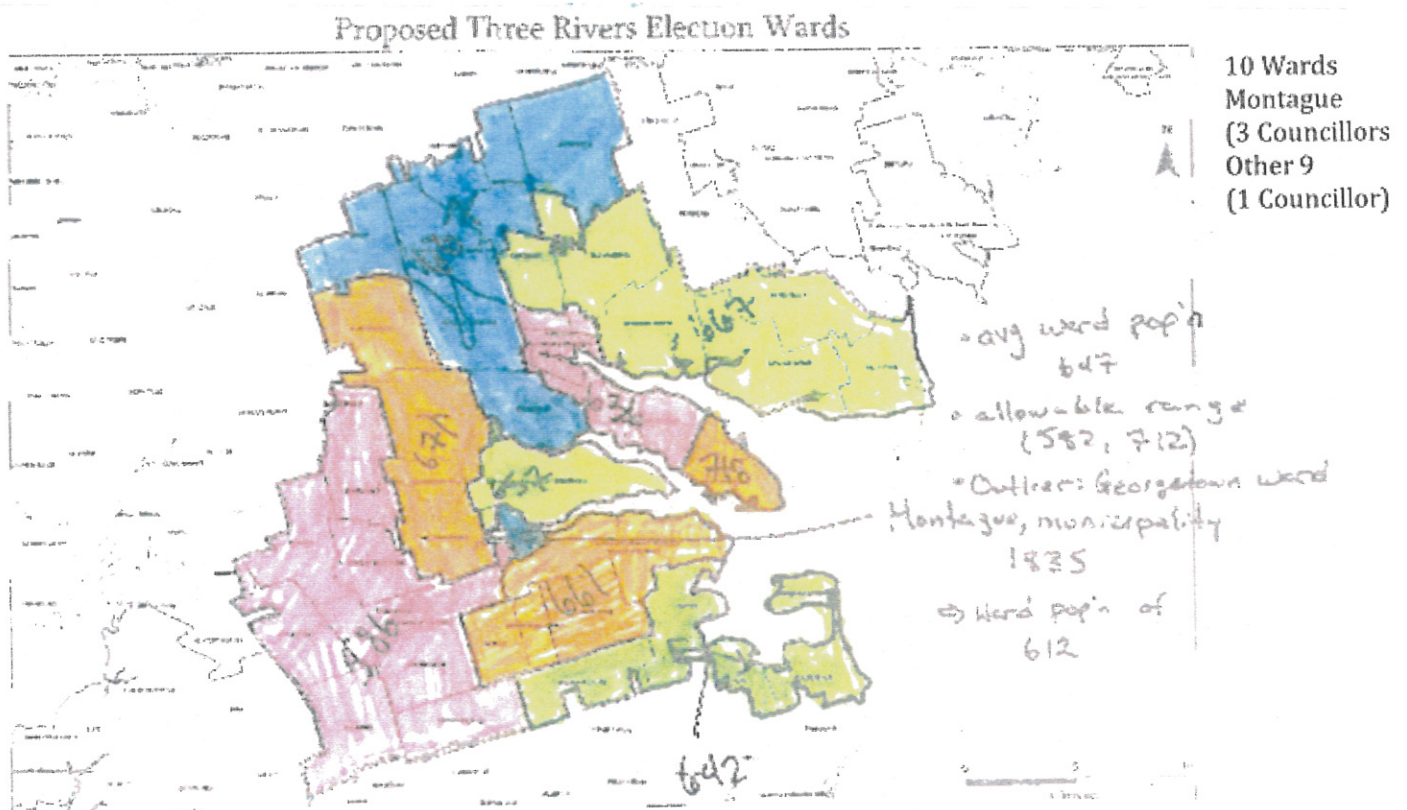
Local community names will not change. Civic addresses and mailing addresses will not change. Many existing services – like Canada Post and civic addresses – are not connected to municipal boundaries and will not change. Community place names will not change. “Three Rivers” is a place holder for a new municipal name. It will be up to a new Council to decide how the name is chosen.

**Who decides?** There is no question that Three Rivers will be successful if all communities (and their unincorporated neighbours) are included. In the end, the decision on whether the proposal goes ahead is made by the Provincial Government.

## Next steps:

If the decision is made to go ahead with a new municipality, a new Council will be elected. The Council has the final decision about the services to be offered, tax rates, election wards and the name of the municipality.

If the decision is made to proceed, there is more work to do to manage the transition and plan for elections. The Province has formally committed to support the costs of this transition.



## Community Updates

Hello from the members of the Three Rivers Steering Committee. Representatives from the general area around the Cardigan, Brudenell and Montague rivers have been meeting frequently for many months exploring the benefits and options of forming a larger, more cost efficient regional municipality. We are now excited to be able to share this information with you and are getting ready to hold public information sessions.

## Background

Approximately 2 years ago, the Municipalities in the Three Rivers Region started discussions about possible ways to strengthen the regional economy, stabilize the population outflow and improve the region's future viability. Melding the region's key services such as land use planning; by-law enforcement; recreation; medical services; retail and professional services; and expanded services for seniors and youth form the major criteria for this process.

## Public Meetings

To learn more about the proposal and to give comments in person, please feel free to attend one of the two public information sessions:

**Tuesday, Nov. 7 at 7:00 pm at the Montague Regional High School**

**Thursday, Nov. 9 at 7:00 pm at the Kaylee Hall in Pooles Corner**

Nov 19/2017

## Town of Montague Public Meeting on Proposed Amalgamation

### Residents' Concerns

- 1) New proposed Council should be elected , not appointed by the Province. ( very strong opposition to appointment by Province - wait until Nov 2018 election ) and that the Council should be 6 Councillors & 1 Mayor.
- 2) Before any further conversation , the Province needs to commit to the Gas Tax Funding model proposed by the Steering Committee.
- 3) The existing organizations within the proposed " 3 Rivers Town " need to be protected. (ie) Montague Sewer & Water Corporation , Montague Waterfront Development Corporation , The Wellness Center Group , ( and others (ie) Georgetown Development Corporation , etc ). Also , individual Maintenance Departments and S/W utilities ( what about job security ? ).
- 4) Expansion of S/W utilities ? Who pays for what and why should Montague S/W Residents pay for expansions to Lower Montague & Brudenell since they have already paid for the utility within the Montague boundaries ?
- 5) Will suggestions from current Council members be heard and addressed by the Steering Committee ? (ie) Concern of less

Councillors vying for more funding dollars from Federal/Provincial Governments and Montague is bringing the most assets to the table but is still carrying most of the taxation ( only decreasing by \$0.12 )

6) If less than 50% of the Electorate turn out for vote , this is still too big an item for Council to decide for all of the Residents.

7) It is time for the surrounding areas to contribute more to the area ( Montague ) since Montague has grown and provides the most of the services for the whole area. This is a better way than annexation where the surrounding areas may be forced to go to a higher tax level as was done with the last annexations in 1996. These are great steps to get started with but there is still too much work to do before amalgamation actually happens.

8) Vying Councillors for " 3 Rivers " should run " at large " for the whole area and not in a Ward System which still continues a " We vs Them scenario. Council should be elected from " 3 Rivers " Electorate , not appointed by Provincial Government and the Mayor should be selected by the 6 Councillors.

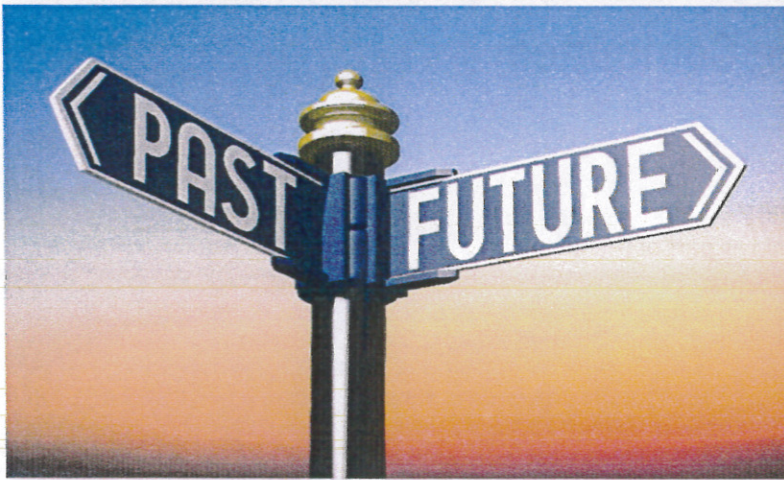
9) If a Council of 12 or 8 Councillors are appointed or elected , is that fair for Montague since the boundaries will have to be redrawn to accomodate 650 residents per Councillor ? Will Montague be divided ? The outside areas could out-vote and overtake the Town. Wait 3 or 4 years and with the new Municipal Government Act , the unincorporated areas would be forced to incorporate because they couldn't afford the costs of the MGA

proposal.

10) The proposed area is far too large and is unmanageable. There is too much of a tax difference between the Town of Montague and other areas ( unfair ) and there is too much of a " loss of voice " with only 2 Councillors for Montague on the new Council.

11) What will Montague's Yay or Nay vote mean for the other Municipalities and the process ? How will the amalgamation promote or affect the retention of our youth in the area ? How will it attract PNP Entrepreneurs ?

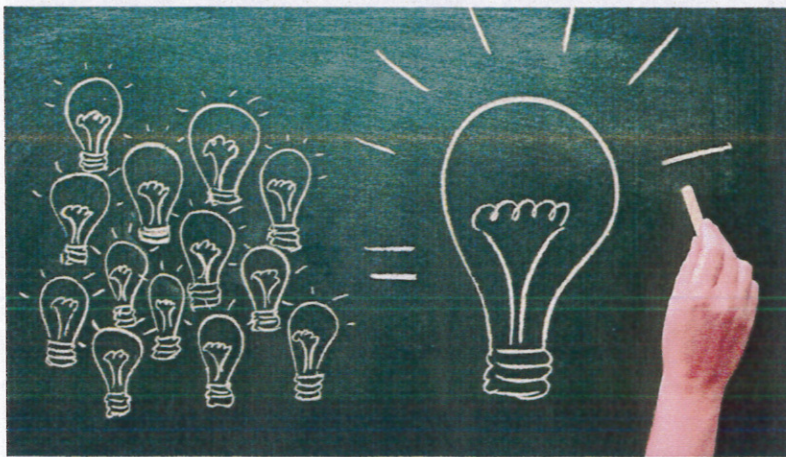
12) Applaud the work of the " Volunteer's work of the Steering Committee " and they have done a great job of carrying out their mandate. These small Municipalities are unsustainable and we need to work together now for the future. Happy to see the Municipalities creating the work plan instead of the Government telling us how it will be done in the future. It is in the cards that this will happen so we should definitely work together now.



# Three Rivers Region Public Consultation Process

Summary Report

October 2016



# Message from the Chair

## Three Rivers Region Steering Committee

Dear Residents of the Three Rivers region,

On behalf of the Three Rivers Region Steering Committee, I am pleased to issue this summary report on the findings from the public consultation sessions held as part of the ongoing work to explore a regionalization process for our communities and residents.

The Steering Committee, comprised of councillors and Chief Administrative Officers from across the Three Rivers region, has been working hard over the last two years to hold productive discussions and to collectively advance a process that holds potential for growth and increased sustainability for our region. This is a new process for PEI, and this Committee of volunteers has dedicated many hours to ensure all concerns, questions and opportunities are examined. The process is ongoing, and the Steering Committee strongly believes that public consultations are a critical component of identifying the questions, concerns and ideas that will define our next steps.

Through the recent consultations we have heard that residents from unincorporated areas – who currently have no official municipal representation – want to be kept informed about the process and need a representative on the Steering Committee. We will be acting on this recommendation and have begun work to address this important issue. As well, we will be responding in the near future to the questions raised by residents. Three sub-committees have been struck and their work over the next several weeks will be dedicated to answering residents' specific questions related to incorporated areas, ward boundaries and representation, as well as taxes, services and infrastructure under the new regional model. Responses will be shared with residents at the earliest possibility this fall.

I am grateful for the work of the dedicated volunteers on the Steering Committee, but especially grateful to each of our residents who have contributed their input to this ongoing process – through our Facebook page, website, via direct calls and e-mails, discussions with their councillors and municipal staff, as well as through their attendance and participation in the public consultation sessions. Your input is valued and critical to ensure we move in the right direction. We encourage all residents to share input and seek further information through these avenues as the process carries on.

We must continue to work together and focus on our collective priorities – ensuring quality services and infrastructure, retaining and recruiting young families to live in the Three Rivers region, protecting our lands and environment through sage planning, and establishing the opportunity for increased economic development and jobs for our residents. The Province of PEI recognizes the importance of this initiative and has made a solid commitment to support the region – including an assurance that the region will not receive any less money than it currently collectively does – as it undertakes this process.

We thank you for your participation, encourage you to become engaged in the process, and look forward to working together in the coming months.

Yours truly,

Lewis Lavandier, Chair  
Three Rivers Region Steering Committee

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# 1.0 Introduction and Process Overview



The Three Rivers Region Steering Committee conducted two public consultation meetings – one in Montague on October 19<sup>th</sup> at the Montague Regional High School and one in Cardigan on October 20<sup>th</sup> at the Consolidated School – from 7-9 pm. The purpose of the meetings was to provide residents with information on the ongoing regionalization process as well as to solicit residents' input on the process. Information notifying residents about the sessions was promoted through the [www.3RiversPEI.com](http://www.3RiversPEI.com) website, through an advertisement in The Eastern Graphic, and through a newsletter mailed out to residents in the Three Rivers region.<sup>1</sup> The meetings were generally well attended, with approximately 106 attending the Montague session and 55 attending the Cardigan session.

The same agenda was followed for each of the consultation sessions. Residents were first welcomed to the session and introduced to the Steering Committee members, consultants and facilitator, and were then shown a PowerPoint presentation that outlined background information on the regionalization process, goals for the public consultations, rationales for change on PEI, tax scenarios, as well as some concerns and opportunities that have been heard so far in the process. The presentation took approximately 35 minutes and was well received by those in attendance, with many residents commenting that their questions and concerns were addressed through the information provided. For the final hour-to-hour-and-fifteen minutes of the session, residents were invited to share their input (concerns, questions, opinions, ideas) at an open microphone and/or through written comments on a handout sheet provided.

At both meetings, residents were advised that this was an information gathering process; an opportunity to provide input to the Steering Committee. Further, it was noted to all in attendance that the Steering Committee do not have answers to all questions at this point, but questions, concerns and advice would be noted for further study.

During both of the consultations sessions, residents made good use of the time and stepped up to the microphone to provide input to the process. All resident feedback was captured live-time under key topic areas in the PowerPoint slides. Feedback that was received via written comments was compiled into the slides following the sessions.

Resident feedback captured during the two sessions has been compiled, organized and summarized in this report under six topic areas: Current Situation and Process Moving Forward; Services and Infrastructure; Tax Rates and Financial Matters; Community Identity and Governance; and, Looking to the Future. Key, recurring themes and questions that emerged from the two sessions are presented in Section 2.0 of this report.

A complete record of residents' comments and questions during the sessions was also compiled, and the three principal areas where residents are seeking further information pertain to: (1) unincorporated areas;

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<sup>1</sup> Some residents from unincorporated areas (e.g., Riverton, Martinvale) who attended the Cardigan public consultation process indicated that they did not receive the second newsletter by post.

(2) ward boundaries and representation; and (3) taxes, services and infrastructure in the new regional model. In response to residents' requests for more information, the Steering Committee has formed three sub-committees which are working in a dedicated manner over the next few weeks to respond to specific questions raised in as much detail as currently possible. Where applicable, questions the Steering Committee is unable to answer have been referred to the Province for a response.

In due course, the Steering Committee will undertake to incorporate resident input and detailed responses into the eventual information package to be provided to Municipal Councils and residents. The Three Rivers Steering Committee was very pleased with the attendance at both meetings and the quality of the input given by residents to help inform and guide this important process moving forward.

There were recurring positive comments that the regionalization process is an investment in the future of the communities in our region.

In our region of PEI there is not enough room to take a 'we' versus 'them' stance. There is an opportunity for better understanding, cooperation and solidarity to our mutual benefit.

Several residents voiced strong concern over the impact of regionalization to rural residents and unincorporated areas. Top concerns included: tax increases; no added/improved services; and that the process would only serve to strengthen the existing incorporated municipalities 'on the backs' of the rural residents.

Attendees generally expressed support for the process moving forward during each of the consultation sessions, although some residents (specifically, a few residents from unincorporated areas in attendance during the Cardigan consultation session) voiced concerns about communication to date as well as the anticipated direction of regionalization.

During both sessions, attendees felt it is important for the process to focus on the critical aspects of community existence – residents (especially young families, youth and seniors), services (especially fire services) and key infrastructure that defines communities (e.g., rinks, ball fields).

The top concern voiced about the process thus far – shared by residents of incorporated and unincorporated areas alike – was that residents of unincorporated areas are unrepresented; they do not currently have a representative on the Steering Committee and do not yet have a voice in the ongoing process. There is a desire for representation from unincorporated areas moving forward in the regionalization talks and for a mechanism to be put in place to ensure residents from these areas continue to be informed in the future. There was consensus that it would be impossible to have all small

communities in unincorporated areas represented, but residents do want the Steering Committee to find a way to add new members to this working group.

There is a strong desire for more detailed information and responses to questions that have been asked by residents and councils during the process to date, including: tax rates by community and unincorporated areas; population numbers by community (including unincorporated areas); potential ward boundaries and representation by population for these areas; demographic projections for the areas; timeframes for the process moving forward; whether and when/where meetings will be held to provide information and receive input from residents in unincorporated areas.

Questions were raised about the proposed staffing model for the region moving forward, and whether the Steering Committee is making these decisions when they have a vested interest in keeping a position for themselves under the new structure.

Questions were also raised about the minimum threshold for the process to move forward: What if only three or four of the municipalities want to regionalize in the end? Can the process continue if fewer than the seven agree to the terms? Can the process move forward without some of the unincorporated areas?

Many residents acknowledged the significant work that has been undertaken by the Steering Committee to date and thanked them for their hard work.

## Services and Infrastructure

Residents acknowledged that infrastructure projects are competitive and that working together could give a better chance to secure funds for improvements and new projects. Residents expressed concern about losing key infrastructure in their respective communities and asked what safeguards are currently in place to ensure infrastructure (e.g., rinks, ball fields, wharfs) are maintained and improved upon.

A question was raised about how the formal and – more importantly – the informal agreements related to services and infrastructure in many communities (e.g., lease agreement between local parish and recreational groups for land related to sport infrastructure) may be impacted by the regionalization process and in a new incorporated municipality.

There was a recurring comment that the quality and diversity of programming at schools in the region will depend on a solid population base of students in attendance, and thus of young families staying in and moving to the region.

Several residents identified the ongoing and increasing challenge of recruiting fire fighters in the rural districts, and the potential negative impact this could have for fire services.

Several residents acknowledged the importance of economic development and job creation in the area in order to recruit and retain residents (in particular, new young families). A few residents felt that economic development could threaten the simple and quiet life in the rural, unincorporated areas.

There was a recurring concern that regionalization may enhance the towns and currently incorporated municipalities and not offer new/additional benefits to residents of unincorporated areas.

Under a new municipal model, residents from unincorporated areas would want to have a voice on committees and boards of shared infrastructure.

## Tax Rates and Financial Matters

A key, recurring question during both sessions was the impact of the proposed process on tax rates for residents throughout the region. There is concern about increased tax rates. Residents who may experience an increase in taxes – especially those in unincorporated areas – want a specific list of new and additional services they would be receiving in return for any tax increase.

Several residents asked about Provincial dollars in the process moving forward: Would the Province download services to the new municipality? Would there be compensation by the Province to support the transition? How will the Province's current support for policing change in a new municipality?

There were multiple questions specifically related to equalization payments: How will equalization payments be impacted by the proposed process? How can we get the best possible equalization arrangement? How do we get a beneficial commitment from the Province moving forward? Is there a benefit to the Towns, unincorporated areas, and to the region as a whole?

In transitioning to a new regional model, residents want to know whether existing community debt would continue to be held by a specific municipality or whether it would be incurred by the new municipality. Further financial questions related to the new regional municipality included: What are the costs for staffing under the proposed new regionalized model and are there cost efficiencies for these changes to governance/council, administration and staffing? What will be the cost impacts as related to key services of fire and policing? There is interest in seeing a comparative costing model of the current situation versus proposed model.

## Community Identity and Governance

The top concern voiced during both sessions was that residents from unincorporated areas need to be part of the Steering Committee and of the decision making process moving forward. Many residents from unincorporated areas expressed frustration in the lack of representation they currently have. It will be important to hold meetings so that residents from unincorporated areas have the opportunity to receive information and provide input to the process.

Residents from the smallest municipalities and from unincorporated areas are concerned about having adequate representation and a strong voice in the process moving forward and under the proposed regional model.

Residents from incorporated municipalities generally acknowledged that it is too challenging for small communities to continue providing an adequate level of services to their residents, and that this will only increase under the rules of the PEI Municipal Act.

Several questions were raised about how representation by population in a ward system would work in practice: Where would ward boundary lines be drawn? Is using the fire districts the best approach for the regional boundary? What happens as population numbers change in the wards over time? Will representation on a council evolve as populations grow and change? Would there be equitable representation from all areas? Would a single vote give adequate voice to the residents in a given ward?

Several suggestions were made regarding the new proposed regional council: that 12 is too many councillors and nine may be a more manageable number of councillors; that the mayor should come from among the elected ward representatives and not be selected through a separate process; that representatives should be selected based on merit; that unincorporated areas must have representation.

Many residents expressed appreciation for the opportunity to hear the concerns of their neighbours through the public consultation process and hoped the discussions would continue.

## Looking to the Future

Thinking about the future of the Three Rivers region, two aspects were evident priorities for those who attended the consultation sessions: attracting and retaining young families to their communities, and providing quality services and infrastructure that respond to residents' needs and interests.

It is not possible to continue the way things have been going in the municipalities, and it is not wise to simply wait and see what might happen. The risk is that many communities will cease to exist if we ignore the change that is upon us and our region. Residents should continue to be proactive, engaged, and advance the regionalization process.

Job creation will be important for attracting new residents (especially young persons) to the area.

We need to think about the needs of our seniors and of the aging population as we move forward with the process.



# Stronger Together: Building a Sustainable Future for the Three Rivers Region



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# 1. Introduction

In early 2014 the 7 incorporated municipalities in the Three Rivers Region began discussions about the possibility of conducting a study of various options for achieving greater cooperation in the region with a view to improving the efficiency and effectiveness of service delivery, enhancing the economic strength of the region and improving long term sustainability. After some lengthy deliberations, a draft Request for Proposals was approved and circulated by the "Three Rivers Area Group" in September, 2014. Funding for the study was provided by the Provincial Government. After a review of the proposals submitted by qualified consultants, the study was awarded to the planning consulting firm of P. Wood & Associates.

## 2. Background and Context

### 2.1 Background

The 7 incorporated municipalities in the Three Rivers Region are: the Communities of Lorne Valley, Valleyfield, Brudenell, Lower Montague and Cardigan and the Towns of Georgetown and Montague. A number of efforts have been made in the past to achieve greater economic cooperation in the region, but for the most part these efforts have been unsuccessful and the region remains highly fragmented. The best example of regional cooperation is the 3 regional fire companies which routinely share services and equipment and offer consistent mutual support for major emergencies. Volunteers have had some success in coordinating the variety of regional recreation facilities and programs but there are many challenges and significant gaps exist, particularly in terms of non-sport programs for seniors and youth.

For many years rural Prince Edward Island has experienced a somewhat challenging economic climate. Trends in the resource sector such as the decline of the traditional family farm, increased mechanization, vertical integration, increasingly competitive international markets and volatile commodity prices have combined to significantly reduce the number of people employed in the province's resource economy. The Three Rivers Region is also threatened by the growing economic dominance of the Greater Charlottetown Region and some local communities are experiencing significant population declines. The region is also experiencing a significant aging of its remaining population and a loss of young (and increasingly more mature) people to larger urban centres and to employment opportunities in Western Canada.

There is also a very inconsistent level of land use protection in the region. Only 4 of the incorporated municipalities have their own Official Plans and Development Bylaws. The other 3 municipalities and all of the unincorporated areas in the region remain under the Provincial Planning Act Regulations and

essentially have no protection from the intrusion of conflicting or non-compatible land uses. This potentially places all of the affected residences, businesses and farms at significant risk. There is also a significant lost opportunity in terms of coordinating regional land use patterns to achieve greater efficiency and stronger economic development potential.

P. Wood & Associates has had the very good fortune of working as planning consultants in most of the original Towns on Prince Edward Island, from Souris in the east to Alberton in the west and these Towns share much in common with Montague and Georgetown. The original foundations of these Towns were all laid at least 100 years ago at a time when the automobile had no impact on urban form or location. Most of these Towns are located on former rail lines, either at a terminus or a rail hub. Several are also harbours. At the time when these settlements were established the form of development tended to be much more intimate and was usually at a pedestrian scale. For this reason the boundaries of the original Towns (including Montague and Georgetown) were quite limited in size. As the automobile has increased its influence on communities the resulting "urbanization" or "suburbanization" of the outlying areas has increased at a rapid pace. All of these original towns are now finding that their original boundaries are becoming quite restrictive in terms of future development. Most, if not all, are also experiencing a loss of population (and assessment) to their outlying rural service areas. Much of this movement is due to the freedom provided by the automobile, but it is also due to residents looking for more space, cheaper land, waterfront locations, rural vistas and even a desire to experience a more rural lifestyle. Undoubtedly, as the demand for urban services has increased, the resulting tax rates and service fees in the core communities have also become an incentive for further peripheral development.

The Town of Georgetown has for many years considered a potential boundary extension to take in the adjacent King's Royalty area on the Georgetown peninsula. This area is already covered by the Georgetown Fire Company and there is a long-standing community of interest, with many Kings Royalty residents participating in activities within the Town, attending the school, utilizing the harbour, working in local businesses or volunteering in various Town programs. Despite these very strong linkages, the Town of Georgetown has not formally applied to annex its adjacent rural service area.

The situation in the Town of Montague is more complex. The Town has grown into the major service centre for a large adjacent rural service area (which includes 6 other incorporated municipalities). Montague has 3 large regional schools, including the regional Junior and Senior High Schools, the region's only hospital, regional medical and dental clinics, a number of regional recreational and cultural facilities and a wide range of retail, financial and professional services which all service a wide catchment area. Montague's taxpayers are definitely absorbing a number of costs which are truly regional in nature and its land base is not able to continue to support long term residential or service demands. With these challenges in mind the Council of the Town of Montague has regularly looked at options for extending its boundaries.

Without question, these actions by the Town have somewhat alarmed its rural and municipal neighbours. The consultants experienced isolated but relatively severe expressed animosity towards Montague from its neighbours. The fear is definitely that Montague will simply "swallow up" its neighbours and the adjacent areas will lose autonomy, lose their rural quality of life and potentially

become burdened with much higher tax rates and perhaps unwanted central servicing fees. These fears may be somewhat overstated, but they are palpable across the region.

One of the problems that all the older Towns on Prince Edward Island have faced in pursuing any redrawing of their very limited boundaries is a tendency toward myopia. Towns like Montague and Kensington have had a marked tendency to propose boundary adjustments supported simply by an analysis of the needs and potential benefits for the core community. There has tended to be very little discussion or consideration of the needs and benefits for the affected rural residents.

The current study represents a unique opportunity to study the Three Rivers area as a total region, to address not only the legitimate concerns of the core serviced municipalities but also the legitimate needs and concerns of the adjacent rural municipalities, and the residents, business operators and farmers in the unincorporated rural service area. The opportunity to look at this process from the outset as developing a new "partnership" which should benefit all participants will ensure that all regional objectives and concerns are fully evaluated and given equal consideration.

## 2.2 Terms of Reference

Bringing 7 individual municipal Councils together to work on any shared project is obviously a challenge. Given the nature of this study and the significant potential outcomes, it is even more surprising that this study came to fruition. The consultants were informed, however, that a number of drafts of the Terms of Reference were required and reaching a consensus on the precise wording was indeed a challenge. Some of the apprehension from the participating Councils is apparent in the wording chosen for the Terms of Reference. Here is a brief summary of the key sections:

**After reviewing the Commissioner Judge Ralph Thompson's Report, which was released by the Commission on Land and Local Governance and had been prepared for the Government of Prince Edward Island in December 2009, it was clear that smaller municipalities are heading down a path that is not sustainable for future generations. There is a need to look at sharing of services, bylaws, planning and taking a hard look at sustainable populations and boundary changes.**

**The Three Rivers Area faces significant challenges that will be exacerbated by an aging population, a declining rural population and other factors.**

**In addition, land use planning within the Three Rivers Area is limited to individual municipal plans. The benefits of planning for the entire area need to be explored. In an important sense, the Three Rivers Area as a municipal entity has the potential for greater growth. The development of a comprehensive study/strategy including regional co-operation to investigate service sharing, inter-cooperation, etc. has been identified as a key priority by the Towns and Community Councils of the Three Rivers Area. We are looking for ways to change with the times and be proactive, some of the ideas we would like to see as a result of this study are:**

- 1. Signatory communities come to the table as equals;**

2. Any recommendations are considered as a potential roadmap toward greater cooperation and not binding on any municipal government;
3. All areas of potential cooperation are to be examined including: extension of existing services, cost-sharing of services, annexation of non-incorporated areas and municipal amalgamation;
4. Any examination of amalgamation must include an analysis of pros and cons as well as outline the impact on taxation levels for affected communities;
5. The report should identify innovative ways to achieve results;
6. No community is obligated to participate, however, data for the full region will be collected and shared regardless if a community formally supports this funding request.

While the initial budget for the study was quite limited and the initial time frame was only three and one half months, the scope of the designated tasks was quite massive. At the outset there was no designated boundary for the study area (other than the 7 participating municipalities). It was left to the consultant to examine various factors contributing to a regional "community of interest" and to recommend the unincorporated areas to be included in the study. Property mapping, population estimates and projected property assessment values were required to be developed and presented. A comprehensive analysis of existing and proposed regional services was also to be prepared.

Once various options for increased regional cooperation were identified, each was to be evaluated in terms of pros and cons for the region, with particular emphasis on projected property tax and service rates.

Finally, the consultant was to be responsible for a public engagement process in order to ensure that area residents and property owners were aware of and able to provide input into the process. This would include the preparation and dissemination of this detailed final report plus various public meetings as required by the Three Rivers Area Group.

## 2.3 Land Use Planning in Prince Edward Island

All land development in Prince Edward Island is controlled under the provisions of the *PEI Planning Act*. This includes the regulation of land uses, the subdivision of land and actual development or construction. A comprehensive set of Planning Act Regulations has been prepared pursuant to the *Planning Act* and these Regulations guide the day to day subdivision and development of land across the Province. The Act also enables municipalities to prepare and adopt an Official Plan and implementing bylaws in order to take control over land use and development within their local boundaries. There are 74 incorporated municipalities on Prince Edward Island and 32 have currently prepared and adopted their own Official Plans. All other municipalities and all unincorporated areas in the Province remain under the control of the *Planning Act Regulations*.

The accepted approach to land use planning is that the jurisdiction having authority over land use and development first prepares a policy document which states an overall vision for the long term development of the community. In Prince Edward Island this is called an Official Plan. Once this policy document is prepared and adopted it provides the policy framework to guide the preparation and interpretation of the implementing bylaws. The implementing bylaws (Zoning and Subdivision Control)

must conform to the policies stated in the Official Plan. It is clear that the long term policy statement is the most important document since it provides the framework for everything which follows.

In the case of the PEI *Planning Act Regulations*, there is a serious flaw. Essentially the Regulations exist in a vacuum, without a clear overall Provincial Land Use Policy. There are no clearly stated land use objectives and there is no long term spatial plan for land use. Accordingly there are no land use zones. There are provisions to address overall subdivision and development standards, but there are no provisions to limit land use conflicts or to protect residences, businesses or farms from the encroachment or juxtaposition of land uses or developments which might undermine property values or create serious land use conflicts.

There have been a series of major public studies conducted over the last 30 years which have pointed to the need for a Provincial Land Use Policy of some form, the most recent being the Commission on Land and Local Governance in 2009. As yet, no action has been taken to implement these recommendations and many land owners in the Province remain highly exposed in terms of land use conflicts. Complaints are heard routinely from land owners and residents about neighbouring developments such as Construction and Demolition sites, recycling operations, intensive livestock operations, various commercial developments, mushroom plants, motorcycle race tracks, and the list goes on. At present these concerned property owners may have very legitimate concerns about the potential effects on their property values and their continued use and enjoyment of their property, but unfortunately they have no grounds for appeal under the current *Planning Act Regulations*. Even if some form of Provincial Land Use policy is put in place it is not likely to be able to reflect or encompass the level of local interests and community values which can be reflected in a locally developed Official Plan.

The best option for any incorporated area is to develop your own community based Official Plan. The best option for rural property owners is to consider joining an adjacent municipality with an Official Plan and having its policies amended to reflect the interests and objectives of the rural residents and land owners.

The other issue in terms of land use planning on Prince Edward Island is the relatively small size of the vast majority of our 74 incorporated municipalities. Many land use issues are best addressed on a broader or regional scale. One example would be watershed planning or well field protection. There are also many critically important land uses such as recycling depots, truck depots, asphalt plants, propane depots, etc. which need to be accommodated in a community but also need to be well segregated from residential areas. On a larger regional basis it is possible to accommodate a wide range of land uses but to also provide the required separation. For physically smaller planning areas it is often very difficult to accommodate all required land uses and to provide the necessary buffers.

## 2.4 The Thompson Report

The report of the Commission on Land and Local Governance, "*New Foundations*" was published in December of 2009. The Commissioner was retired Judge Ralph Thompson and the report is often

referred to as the Thompson Report. The Commission was charged with looking at two related but quite distinct issues: Provincial land use; and the structure, funding and governance of Island municipalities.

The first section of the report is devoted to Provincial land use issues and covers much of the same ground covered by the three major preceding public studies: the 1973 *Royal Commission on Land Ownership and Land Use*; the 1990 *Royal Commission on the Land*; and the 1997 *Round Table on Resource Land Use and Stewardship*. Not surprisingly, Commissioner Thompson made many similar recommendations to the previous studies. The primary recommendation was the preparation and adoption of "a consistent and cohesive land use plan for the entire province, including an overall vision, a set of guiding principles, and statements of provincial interest on land use". The specific issues addressed in the report included: protection of resource lands, better control over unserviced residential subdivisions, protection of ground and surface water quality, protection of scenic views, protection of significant natural areas and heritage places, and control over corporate land ownership.

The second section of the report is perhaps more directly relevant to this study. Under the heading of Local Governance, the Commission looked at 4 key questions: 1. Is provincial legislation which impacts on municipalities in need of revision? 2. How should local governance be funded? 3. What form should local governance take? 4. What are the tax implications of a move to expanded municipal government? It is the last issue and the Commission's fairly detailed analysis of municipal sustainability that seems to have caught the attention of municipal councils across the province most intently.

Provincial governments across Canada have been trying to come to grips with municipal sustainability for many years. Almost all have faced the challenge of a large number of small, underfunded municipal governments which clearly were not sustainable over the long term. Ontario was one of the first jurisdictions to impose regional governments and to eradicate many smaller municipal jurisdictions. Many other provinces have followed suit. The forced closure of many small "outposts" in Newfoundland was a particularly sensitive action which has become a significant milestone in the history of that province. The feared loss of local identity has been an emotional issue for many small communities and several provincial governments have paid a political price for what was seen by most governments to be a necessary and unavoidable action. In Prince Edward Island the provincial government imposed municipal restructuring in the Charlottetown and Summerside Regions in 1994, creating the newly enlarged (and highly successful) new municipalities of the City of Charlottetown, the City of Summerside and the Towns of Stratford and Cornwall.

Commissioner Thompson refers in some detail to the *New Brunswick Commission on the Future of Local Governance* and the work of Commissioner Jean-Guy Finn. The reasons for the comparisons are quite obvious. Of all the provinces in Canada, only New Brunswick and Prince Edward Island have areas which are not served by either local or county levels of government. New Brunswick, however, does have advisory boards called Local Service Districts which can at least provide local input to the provincial government. Thompson concludes that: "the effect of the foregoing is that ours is the only jurisdiction in which the provincial government provides local government services directly to some of its residents without some other form of government structure in place".

In Prince Edward Island the 74 incorporated municipalities contain approximately 93,000 people, or 66% of our population. That means that 34% of our population (and 70% of our land mass) essentially has no local government representation. In New Brunswick the comparable numbers are 35% of the population and 90% of the land base. Commissioner Finn concludes that this "democratic deficit" is a major problem and he recommends:

**...that incorporated municipal governments be established over all the New Brunswick territory and that all residents be represented and governed by Elected municipal councils ...**

The Federation of PEI Municipalities (FPEIM ) has taken a similar position for Prince Edward Island. We have already discussed the issue of land use planning and detailed the major benefits of having all areas of the province included in locally prepared and implemented Official Plans. The other benefit of province-wide incorporation would certainly be the significant impact on community sustainability.

Many members of the FPEIM have experienced a significant loss of population and assessment to their surrounding unincorporated areas. This often leaves the core municipality in a situation where it is providing many regional services to people outside of its taxation area. As populations (and often local economies) stagnate, the core areas are often faced with declining revenues, aging populations and a limited number of volunteers to support local programs and to sit on local councils. To illustrate the last point Commissioner Thompson pointed to the 2006 municipal elections. Of the 432 council seats which were up for election, only 151 were contested and 281 went in by acclamation. The current situation in many municipalities places all those dependent on the range of locally provided services (including the residents of the adjacent unincorporated service area) at serious risk.

The other issue in terms of municipal sustainability on Prince Edward Island is the very small population of many of our municipalities. Of the 74 current municipalities, 27 have populations of less than 300 people and several have populations of less than 100. It is impossible for municipalities of this size to maintain even the most basic levels of service capability.

The very challenging question that Commissioner Thompson attempted to address was: what is a minimum sustainable size for a municipality? The answer is complex and clearly is somewhat dependent on the types of services which the municipality must provide. Those municipalities providing central sewer and water services will need to be larger than those which do not provide such services. The range of municipal responsibilities varies greatly between provinces and once again Commissioner Thompson found that New Brunswick provided the closest appropriate comparison. After much research Commissioner Finn concluded that for municipalities without central services a minimum population of 2,000 people and a minimum assessment base of \$100,000,000 was required. For centrally serviced municipalities Finn recommended a minimum population of 4,000 people and a minimum assessment of \$200,000,000. At present on Prince Edward Island only 4 municipalities meet this recommended standard.

Commissioner Thompson then went on to perform a notional exercise of attempting to divide the province into blocks with 4,000 people and \$200,000,000 assessment bases – simply to demonstrate what a fully incorporated “sustainable” municipal structure might look like. This was never meant to be an actual proposal for change, but it did certainly generate considerable debate. Thompson’s conclusion seems to be that the recommended standard is a good starting point but that the best approach to municipal restructuring must be based on public consultation and consensus building. He also stressed the critical importance of identifying and building upon “communities of interest”:

**If communities are to be cohesive units, their residents must share interests which bind them together.**

It is evident from the Terms of Reference for this study that the 7 member municipalities have responded directly to Commissioner Thompson’s recommendations. When the Commission’s report was submitted to the Provincial Government it was accepted in full. The Minister Responsible, the Hon. Wes Sheridan, indicated however that the province would prefer to see municipal restructuring happen on a voluntary basis rather than having to be imposed. This supports the notion that municipal restructuring should be based on communities of interest and should be founded on building new partnerships which serve the interests of all members.

## 3. The Study Area

### 3.1 Community of Interest

The first task given to the consultants was to identify the boundaries of the study area. Following up on the recommendations from Commissioner Thompson it is evident that when proposing some increased level of municipal cooperation our first objective should be to seek to identify a community of interest or range of interests which tend to bind a region or group of people together and give them some sense of common identity or common purpose. Seven municipalities have agreed to come together to look at stronger linkages and enhanced mutual sustainability, but what do they really share or have in common? Additionally, which of their rural neighbours also share some or all of these common interests?

### 3.2 Physical Linkages

One of the elements that tends to unite the Three Rivers Area and give it a strong sense of identity is the region’s distinct and quite unique topography.

There is an obvious reason why this region has historically been referred to as Three Rivers. The geography of the area is dominated by the Cardigan, Brudenell and Montague Rivers. Most, if not all, of

the 7 area municipalities touch on one of the three rivers or their tributaries. The confluence of these three rivers and the associated bays and river valleys offer some of the most picturesque vistas in all of Prince Edward Island.

In talking to area residents about what they find unique or particularly appealing about their region, the natural beauty of the area inevitably is cited close to the top of everyone's list. The water not only lures people as a place to live, it also contributes greatly to the economy and the settlement history of the region. The sheltered bays of Three Rivers lured the early French settlers to Brudenell to establish the Roma settlement. Later the English were drawn to Georgetown as a potential site for their new capital. The settlements in Cardigan, Montague and Lower Montague were also very much inspired and influenced by their exceptional waterfront locations. It is easy to see why so many people are passionate about calling Three Rivers home.

### 3.3 Social Linkages

Rural residents across Prince Edward Island tend to share several common characteristics. With few exceptions, they are independent, self-sufficient and have a strong sense of "community". Even if they may live at some distance from their neighbours, rural residents tend to feel a close affinity to one another. In all of our discussions with the councillors and residents of rural Three Rivers, these traits were strongly evident. In the more built-up areas of Three Rivers there is a marked "small town" character and the same strong sense of community identity, independence and concern for your neighbours is also very much in evidence.

It is readily apparent that all residents of the Three Rivers Region share a common sense of pride that they are not living in the city. Even the many local residents who work in Charlottetown and commute back and forth to work daily tend to be very committed to maintaining their unique rural quality of life in Three Rivers.

This shared sense of community identity and independence should be one of the key elements which draws the residents of the region together to build a stronger, more sustainable region. These same traits, however, tend to make many residents somewhat suspicious and very protective of their locally defined "communities".

### 3.4 Shared Services

While the physical beauty of the area and the strong sense of community make Three Rivers a very appealing place to live, it is almost certain that many residents would not have located or remained in the region if a range of vital services were not locally available. Having to drive 30 to 40 minutes to Charlottetown or Stratford for even the most basic services would likely make life in Three Rivers almost impossible for many.

Perhaps the most vital service for all property owners is fire protection. There are 3 municipally-based fire companies located in Montague, Cardigan, and Georgetown. These 3 fire companies provide a high

level of fire services to all 7 municipalities and to a large portion of the surrounding unincorporated rural area.

The Regional High School and Junior High School in Montague and the primary schools in Montague, Cardigan and Georgetown provide educational services to all of the area covered by the fire companies and also to some more outlying areas. The Kings County Memorial Hospital and medical and dental clinics in Montague provide health services to much of southern Kings County.

A wide array of retail stores, service shops and professional offices (mostly based in Montague) provide a wide range of critically required services to the entire Three Rivers Area. Recreational facilities and programs in Montague, Cardigan, Lower Montague and Georgetown, as well as a number of local community halls, all service the day to day recreational needs of the area.

All residents of the greater Three Rivers "community" are dependent on these and other locally provided services. The quality of life and sustainability of the entire region is clearly dependent on maintaining the long term viability of these locally provided services.

### 3.5 Study Area Boundaries

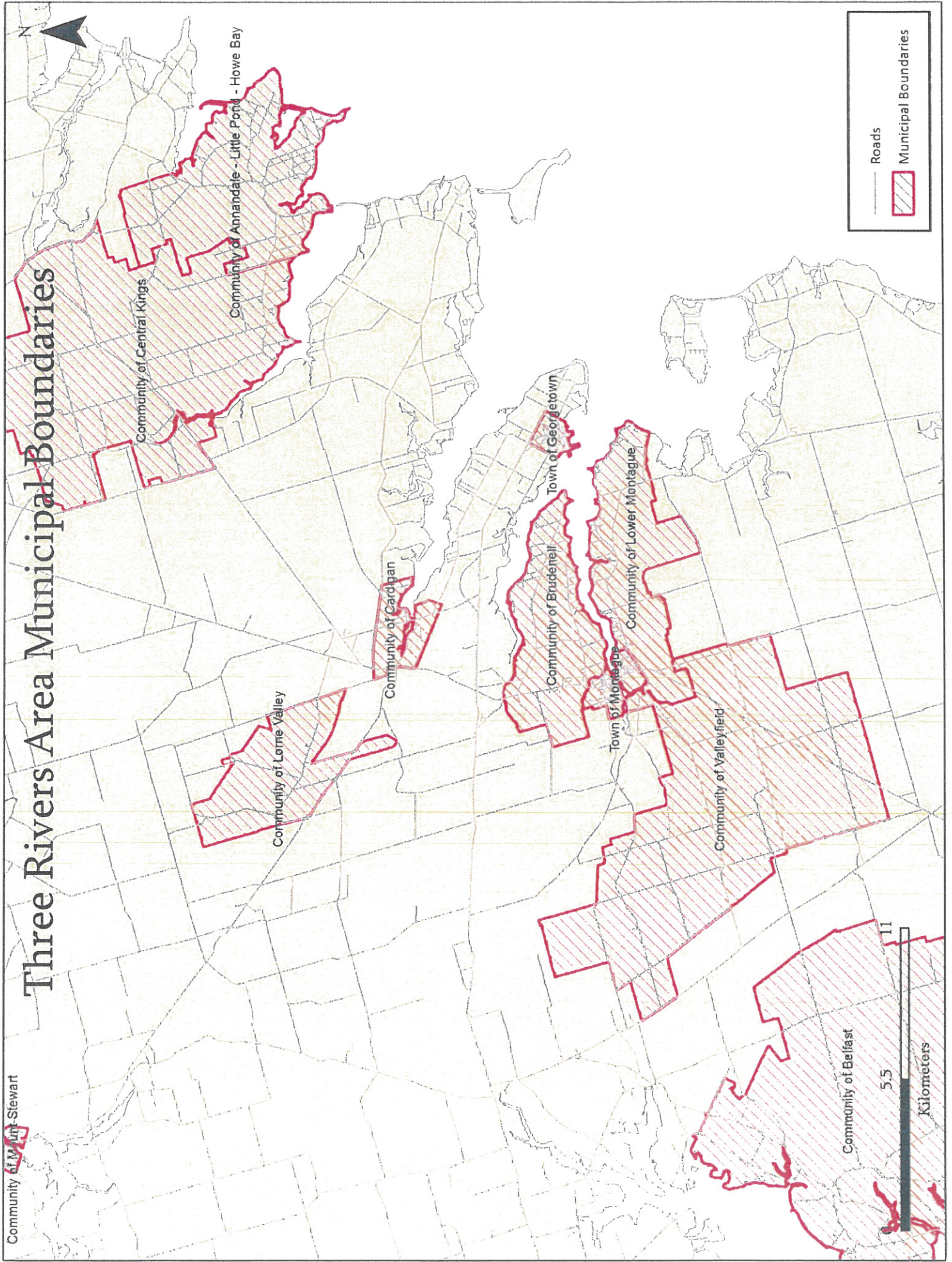
Considering all of the above noted issues, it is clear that the 7 municipalities in the Three Rivers Area share a significant community of interest and that their futures are closely interconnected (and to a large extent mutually dependent). Map 1 depicts the municipal boundaries of Montague, Georgetown, Cardigan, Brudenell, Lower Montague, Valleyfield and Lorne Valley.

The first thing that becomes evident is that the 7 municipalities do not represent a contiguous region. While some municipalities share some common boundaries, for the most part the map illustrates a cluster of individual municipalities scattered across the Three Rivers Area with large areas of unincorporated land separating and surrounding them.

If we are to talk about creating a regional entity where various services and programs are more closely coordinated and facilitated, it is evident that we will need to look at bringing together a combination of presently incorporated and unincorporated areas. As noted by Commissioner Thompson, the objective should be to identify a geographic area with a clearly defined shared "community of interest".

In looking at the various service areas for the regional schools; the regional recreational facilities and programs; health facilities and services; retail, service and professional facilities; and fire protection, it is apparent that the 7 municipalities and their immediate rural neighbours share much in common. Unfortunately, however, there does not appear to be one well-defined common boundary for the service region.

# Three Rivers Area Municipal Boundaries



Of all the potential defined service areas it is apparent that the best option for our study area boundary is the combined 3 Fire Districts. These boundaries are well established and have a long and intimate service history. All property owners within the 3 Fire Districts already have a formal service arrangement with one of the adjacent municipalities (for fire protection). Quite recently the Town of Montague changed the status of its municipal fire company to a privately operated company, but this does not change the history with its rural fire district and it does not affect the underlying nature of the long term service arrangement. Of particular note, the current arrangement for collecting fire dues in all 3 fire districts is set on an “ad valorem” basis similar to real property taxes. Essentially rural fire protection rates are set just like a municipal tax rate which is then applied to each rural property based on the property assessment. The fire dues are then collected by the Provincial Government together with all other provincial and municipal property taxes.

Map 2 depicts the proposed Study Area which includes the 7 area municipalities plus the Montague, Cardigan and Georgetown Rural Fire Districts

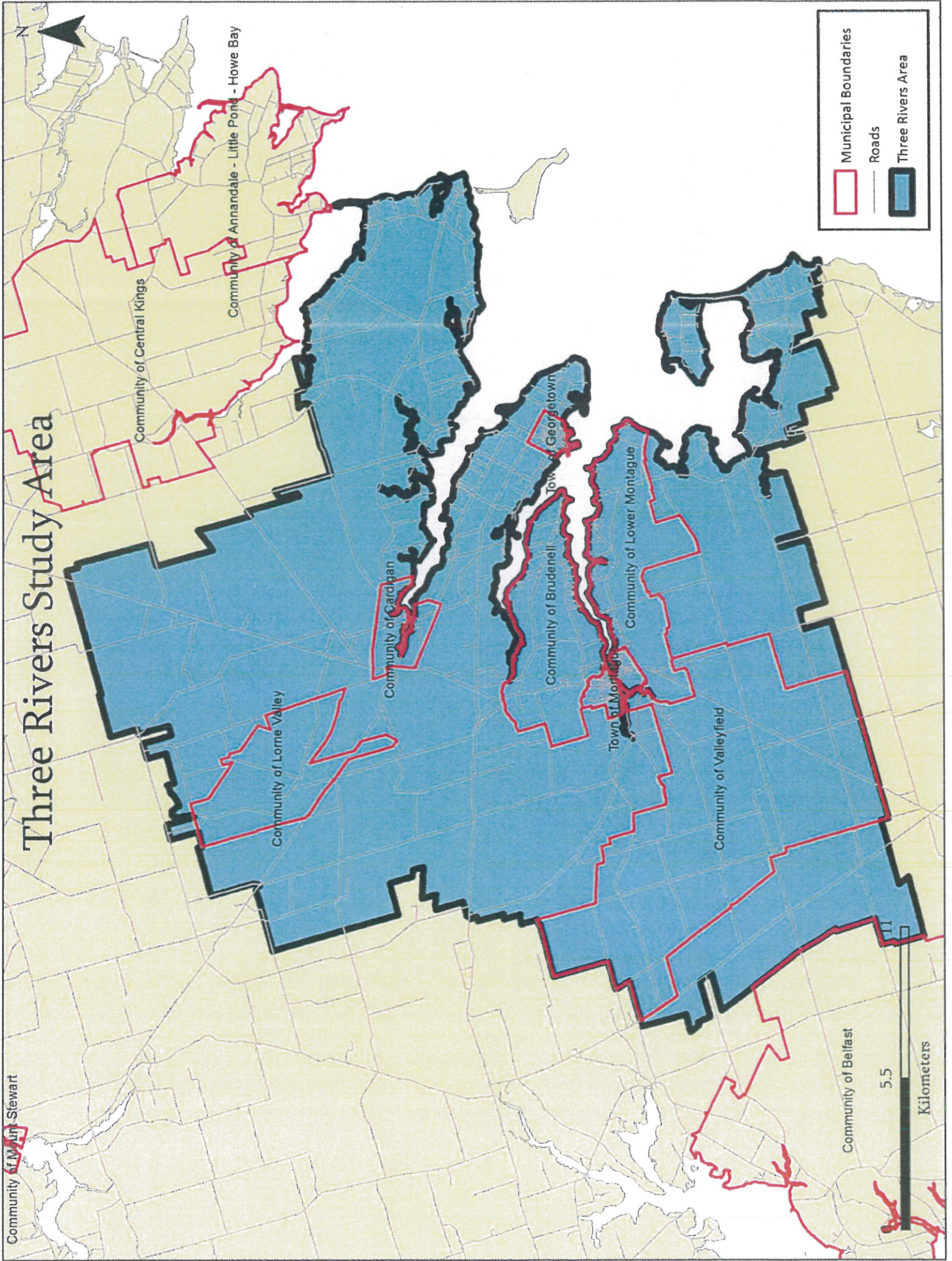
## 4. Study Area Profile

In order to be able to calculate the financial and potential economic impact of various options for increased regional cooperation a comprehensive profile of the proposed study area must be compiled. The key items will be population projections, real property assessment values, current municipal budget summaries and a summary of current services. Putting together all the data for such a large and complex region (7 separate municipalities plus a large unincorporated area) was a massive task. The consultants would not have been able to complete this work without a very significant level of assistance from the staff at the Department of Finance and Municipal Affairs, and in particular Mr. Evan MacDonald, GIS Analyst/Planner. Mr. MacDonald provided invaluable help with map preparation, population estimates and assessment totals.

### 4.1 Population

Calculating the population for the Three Rivers Study Area was a very challenging task. There are only 3 of the incorporated municipalities (Montague, Georgetown and Cardigan) that are Census subdivisions under Statistics Canada’s definitions and have published population totals. All of the other municipalities and all unincorporated areas must be estimated by using the Lot population totals. In a few instances an entire Lot is included in our Study Area. In the majority of instances only a portion of the Lot is included and we had to develop a procedure for calculating the portion of the Lot’s residences that were included in the Study Area and then multiplying the estimated number of residences by the average population per household. The same process has to be followed to get population estimates for the 4 area municipalities that do not have published totals. The most recent numbers available from Statistics Canada are for 2011.

# Three Rivers Study Area



Population totals are critically important in calculating some provincial transfers. Rather than having the consulting team produce an independent set of population projections (and then potentially having to debate with the provincial officials to determine which numbers would be used for official purposes) we decided to work closely with the staff of the Department of Finance and Municipal Affairs and attempt to reach consensus totals. The numbers presented in this report are the population totals agreed to by the Department of Finance and Municipal Affairs.

At the outset, the Department of Finance and Municipal Affairs had produced some very preliminary maps and population estimates for the 7 municipalities and the associated fire districts. The initial total population estimate was 5,978. After our detailed joint analysis we arrived at an agreed total of 7,744. Here is a summary of all the Census Subdivisions that are included in the Study Area together with the adjusted total populations (only those who actually live in the Three Rivers study area):

Population Totals for 2011

Town of Montague	1895
Town of Georgetown	675
Community of Cardigan	332
Lot 50	0
Lot 51	739
Lot 52	772
Lot 53	461
Lot 54	228
Lot 55	189
Lot 57	160
Lot 58	20
Lot 59	1203
Lot 61	625
Lot 66	109
Lot 63	45
King's Royalty	291
Total	7744

At 7,744 people a regionally incorporated Three Rivers would become the fourth largest municipality in Prince Edward Island, just behind the Town of Stratford and well in front of the Town of Cornwall (Cornwall had a total population of 5,162 in 2011). Of particular interest to many residents in the Three Rivers Area, the present Town of Montague would only represent 24.5% of the population of the total region. Well over 60% of the population of the potential new regional municipality would be "rural" residents and essentially the new municipality, if it were ever to be incorporated, would be primarily a rural jurisdiction with a serviced core area. Provided that a ward system was put in place which appropriately reflected local population distribution, it is clear that rural interests and rural values should be well entrenched and well protected in any future regional municipality.

## 4.2 Population Trends

The Provincial Government produced a report on the province's Health Regions in 2007 which had some very useful figures on long term regional population trends on Prince Edward Island. Table 1 below clearly shows the effects of the declining employment trends in the resource sector that were summarized earlier in the report. The increasing dominance of Queen County and the Capital Region are also clearly in evidence. In 1901 the Southern Kings Region had 17.4 % of the province's total population and Queen County had 33.8%. By 1971 Southern Kings had dropped to 11% whereas Queens County had increased to 41.8%. By 2006 Southern Kings had dropped further to 10% and Queens County had increased to 50.1%, or just over half of the population of the entire province. In terms of actual regional population numbers, the Southern Kings area dropped from 18,014 in 1901 to 13,732 in 2006. That is a drop of 4,282 or 23.8%.

**Table 1**

**CENSUS POPULATION PRINCE EDWARD ISLAND**  
**BY HEALTH REGION**

Census Year	HEALTH REGION						
	Total P.E.I.	Former South Kings	Former East Kings	Kings	Queens	East Prince	West Prince
1901	103,259	18,014	10,605	28,619	34,952	23,605	16,083
1911	93,728	16,039	9,744	25,783	31,396	21,226	15,323
1921	88,615	14,285	8,987	23,272	30,509	20,957	13,877
1931	88,038	13,159	8,375	21,534	31,869	21,551	13,084
1941	95,047	13,445	8,368	21,813	35,694	23,584	13,956
1951	98,429	12,297	7,784	20,081	37,769	26,517	14,062
1956	99,285	11,783	7,846	19,629	38,989	26,696	13,332
1961	104,629	11,753	7,959	19,712	41,236	29,289	13,540
1966	108,535	11,862	7,887	19,749	43,385	31,623	12,915
1971	111,641	12,287	7,917	20,204	46,678	30,816	13,037
1976	118,229	12,853	7,652	20,505	51,977	31,443	14,304
1981	122,506	13,458	7,745	21,203	58,721	31,044	14,308
1986	126,646	13,834	7,679	21,513	58,892	31,694	14,547
1991	129,765	13,825	7,573	21,398	62,584	30,577	14,588
1996	134,557	14,383	7,473	21,856	65,597	32,558	14,546
2001	135,294	14,164	7,186	21,350	66,856	32,827	14,261
2006	135,851	13,732	6,951	20,683	68,104	33,110	13,954

Source: Statistics Canada, Census of Population 1971, 1976, 1981, 1986, 1991, 1996, 2001 and 2006.

As far as population distribution within Three Rivers, the numbers are quite varied and clear trends are harder to determine. Table 3 depicts the population totals for all the Census Subdivisions included (in whole or in part) in the Three Rivers Study Area. The second column indicates the percentage of the residences in the individual Lot that are within our study area.

**Table 3**  
**POPULATION TRENDS IN THREE RIVERS STUDY AREA**

	% In Study Area	2011	2006	2001	1996	1991	1986
Montague	100%	1,895	1,802	1,945	1,995	1,901	2,038
Georgetown	100%	675	634	721	732	716	729
Cardigan	100%	332	374	382	371	359	346
Lot 51	96%	769	792	781	742	703	693
Lot 52	96%	798	823	890	944	845	833
Lot 53	100%	461	439	407	355	369	367
Lot 54	76%	415	435	440	429	435	466
Lot 55	50%	378	397	443	488	506	536
Lot 57	16%	987	999	1,086	1,050	950	941
Lot 58	4%	493	521	544	538	494	469
Lot 59	100%	1,203	1,285	1,276	1,267	1,222	1,108
Lot 61	79%	795	832	815	885	836	925
Lot 66	57%	191	172	176	203	178	170
Lot 67	5%	915	901	994	1,012	1,012	1,000
Kings Royalty	100%	291	292	257	246	224	195
<b>Total</b>		<b>9,392</b>	<b>9,505</b>	<b>9,906</b>	<b>9,999</b>	<b>9,514</b>	<b>9,621</b>

Source: Statistics Canada

For the 3 major built up areas in Three Rivers it is evident that Montague's population peaked in 1986 (reflecting its more recent emergence as a regional service centre) and then dropped considerably until 2006. Georgetown's population actually peaked in 1901 at 1,123 (reflecting its significant historic role as the regional capital) and also declined quite dramatically until 2006. Both these municipalities saw an encouraging rebound in 2011. Cardigan's population peaked in 2001 but dropped rapidly in both 2006 and 2011. The rural Lots are somewhat of a mixed bag. All Lots, except Kings Royalty, actually saw their populations peak in 1901 when rural population densities were much higher. In recent years trends have been up and down and no clear pattern is evident. Most saw moderate declines between 2006 and 2011. Kings Royalty is somewhat unique. Its population has continued to grow from 1921 (165) until 2006 (292). In 2011 the population was essentially stagnant. The growth of Kings Royalty has evidently been at the expense of the Town of Georgetown.

After a lengthy period of population decline, it appears that the greater Three Rivers Area is currently holding its own in terms of population totals. It will be interesting to see if Montague and Georgetown can continue their recent growth spurts. Certainly there does appear to be some positive momentum. Montague's very limited land base and Georgetown's relatively high tax rates may well challenge any continuation of these trends, certainly in the longer term.

## 4.3 Assessment and Tax Rates

While there are a range of ancillary revenue sources for municipalities, the primary way that municipalities pay for the services their residents demand is through real property taxation. The capacity of a municipality to provide local services is determined to a great extent by the total assessed value of all the properties within its jurisdiction. In his report, Commissioner Thompson estimated that a serviced municipality needed a minimum of \$200,000,000 in assessment to be sustainable. The Town of Montague is by far the largest municipality in Three Rivers but its total assessment is only \$88,381,000.

The Three Rivers Region in total, however, has far in excess of the sustainable level suggested by Thompson. Table 4 below depicts the real property assessment total for the Three Rivers study area as of 2013. The total is getting close to \$500,000,000. When the current provincial assessment freeze is lifted at some point (probably soon), the total will probably reach the \$500,000,000 level.

**Table 4**

### **THREE RIVERS REAL PROPERTY ASSESSMENT AND TAX RATES**

<b>Municipality</b>	<b>2013 Residential Assessment</b>	<b>Res. Tax Rate</b>	<b>2013 Commercial Assessment</b>	<b>Comm. Tax Rate</b>
Montague	69,065,100	0.72	19,316,200	0.90
Georgetown	14,758,400	0.85	3,168,000	1.70
Lower Montague	43,755,300	0.10	2,199,500	0.25
Brudenell	42,863,800	0.14	6,236,400	0.41
Cardigan	12,211,197	0.40	1,096,700	0.40
Lorne Valley	3,974,500	0.15	236,900	0.15
Valleyfield	33,302,900	0.12	1,717,100	0.15
<b>Incorporated</b>				
Montague Fire District	98,728,400	0.07	5,420,400	0.07
Georgetown Fire District	44,728,400	0.05	2,002,700	0.05
Cardigan Fire District	69,131,700	0.09	7,276,800	0.09
<b>Total</b>	<b>432,519,697</b>		<b>48,670,700</b>	

Source: Department of Finance and Municipal Affairs

Tax rates are normally expressed as cents per \$100 of assessment. As an example, a one cent tax rate applied to a total regional assessment of \$481,140,797 would generate annual tax revenues of \$48,114. The impact of a one cent tax rate increase on a property assessed at \$100,000 would be \$10 per year. In terms of the ability of a municipality to sustainably support the services which its residents demand, the importance of a large assessment base is clearly evident.

The range of tax rates in the regional is very broad. Those municipalities with central services tend to have higher residential rates and also substantially higher commercial rates. Given the broader array of municipal services, this is certainly to be expected. Georgetown's quite limited assessment base has generated the highest residential rates in the region at 85 cents per \$100 of assessment. The commercial rates are massively out of line with anything else in the region at \$1.70 per \$100 of assessment. The Montague rates (72 cents for residential and 90 cents for commercial) are actually very competitive with other full service municipalities of similar size in the province.

The unserved municipalities have quite similar (and very affordable) rates, except for the Community of Cardigan. At 40 cents per \$100 of assessment for both residential and commercial rates, these rates are substantially higher than the other unserved municipalities.

Since rural fire dues are assessed on an ad valorem basis we have also added these rates into our system. Since fire dues are included in the municipal tax rates this gives us a clear picture of what everyone is paying today for all municipal services, including fire protection. Sewer and water services are charged via separate utility rates in the served municipalities (and for those properties outside of the municipality which may be receiving services) so they are not shown on Table 4.

## 4.4 Community Services

There are a wide range of services currently being provided by the 7 area municipalities. Some of these services, such as sidewalks, sanitary sewer systems and central water systems are provided solely for the benefit of local residents. Many others, such as regional schools, health care and recreation facilities and business services are provided for the benefit of most, if not all, of the residents of the entire region.

### 4.4.1 Administration

Local municipal Administrators and administrative offices provide a wide range of administrative support functions and information to local councils and to local residents. Traditionally, local municipal Administrators provide a vital source of information on local services and programs, local bylaws and permitting procedures and they also tend to be extremely knowledgeable about various provincial programs that effect local residents. They also play a critical role in preparing and managing municipal budgets and processing a variety of funding applications.

In the Three Rivers Regions there are only 2 full time administrative offices, in Montague and Georgetown. The other 5 municipalities all have part time administrators with very limited business

hours. The potential for redundancy and inefficiency with 7 different administrative offices to cover a total municipal population of 4,776 is quite obvious. Of the total population in the Three Rivers Study Area at present, 2,570 have access to full time administrative support, 2,206 have access to limited part time support and 2,968 have no local administrative support of any kind.

## 4.4.2 Land Use Planning

As noted earlier, 4 of the Three Rivers municipalities (Montague, Georgetown, Brudenell and Lower Montague) have their own Official Plans and implementing Zoning and Subdivision Control bylaws. The other 3 municipalities and all of the unincorporated lands in the Study Area fall under the control of the *Planning Act Regulations*. This means that local development is controlled by the Provincial Government and essentially there is no control of land use and no protection from potential land use conflicts which could seriously damage property values and the peaceful enjoyment of the property. The net result is that contentious land uses such as asphalt plants, construction and demolition sites or recycling depots will have a tendency to avoid those areas with Official Plans and may tend to seek other unregulated locations within the region.

The lack of a region-wide land use plan leaves most property owners highly exposed. Even those properties on the periphery of municipalities that do have well-defined land use regulations can be exposed to conflicting development just beyond their municipal boundaries. There is also a significant lost opportunity in terms of being able to regulate land use on a regional basis in order to maximize economic development potential.

At present none of the area municipalities retains a full time or part time professional urban planner. Consulting planners have, however, been used by the 4 municipalities with Official Plans to help with Plan and bylaw preparation and to assist with bylaw amendments and complex development applications. Only Lower Montague uses the services of an experienced part time Development Officer. The other 3 municipalities rely on the experience of their local administrators.

Even with a total population of 7,744 it is likely that a new regional municipality could operate quite adequately using consulting planning services. Hiring an experienced full time Development Officer, however, would provide an extremely valuable service to local property owners and to Council.

## 4.4.3 Municipal Infrastructure

The Provincial Government provides street lights along some arterial highways and at most intersections. Municipalities also contract with Maritime Electric to provide street lights along many municipal streets and in other areas where safety or security is deemed to be an issue. Most municipalities in Three Rivers have streetlight budgets with Montague, Georgetown and Cardigan having significant budget allocations due to their higher development densities.

Only Montague and Georgetown have municipal sidewalks. Montague also maintains its sidewalks in the winter. Due to the low traffic volumes and limited municipal revenues, Georgetown is not currently able to maintain its sidewalks in the winter.

Of the 7 area municipalities only Montague and Georgetown have municipal sanitary sewer systems, central waste water treatment facilities and central water systems. All other municipalities are served by individual on-site waste water treatment systems and on-site wells. The central water system in Montague is municipally owned whereas the system in Georgetown was installed by the Provincial Government and remains provincially owned and maintained.

Municipal sewer and water systems are operated as separate utility corporations with separate budgets. Operating expenses and capital costs are covered by municipal utility rates (and select capital grants) rather than by municipal taxes. Utility rates are regulated by the Island Regulatory and Appeals Commission.

At present, the Town of Montague is providing sewer and water services to some properties in Lower Montague. A number of commercial property owners in Brudenell have also requested connection to Montague's central services but this extension was rejected by Brudenell's residents. A number of these properties continue to dump waste water from their septic tanks into the Montague sewage treatment plant.

A number of property owners in Cardigan have also reported problems with their on-site waste water treatment systems and have requested the installation of a municipal sanitary sewer system and central treatment facility. Given the relatively small number of properties involved (and Cardigan's limited financial capacity), Cardigan Council has rejected this request and has hired an engineering consultant to examine options for a possible limited "cluster" system of some type. No decision has been taken on pursuing any options at this time.

#### 4.4.4 Fire Protection

The three municipally-based fire companies in Three Rivers were outlined earlier in this report. The Georgetown Fire Company serves the Town of Georgetown and the majority of the Georgetown peninsula (Kings Royalty). The Cardigan Fire Company serves Cardigan, Lorne Valley and a large rural service area in the northern end of the Three Rivers Study Area. The Montague Fire Company, which recently became an independent entity, serves Montague, Brudenell, Lower Montague, Valleyfield and a large intervening and adjacent rural service area.

#### 4.4.5 Police Protection

There is essentially no community police force in Three Rivers. The RCMP provides a basic level of service pursuant to the RCMP's Provincial Service Agreement out of their regional detachment office in Brudenell. In addition, the Town of Montague has a very limited municipal contract with the RCMP for one additional officer.

Given the total population of the region, the region's 5 local schools (and significant seniors population) and a number of recent very serious local security concerns, the need for a more comprehensive level of "community policing" appears to be a pressing need in the region.

## 4.4.6 Recreation

There are a significant array of recreational facilities spread across the Three Rivers Region. While most of the facilities are municipally owned, they all provide services to residents beyond their municipal boundaries.

There are 2 ice rinks: the new Cavendish Farms Wellness Centre in Montague and the older Three Rivers Sportsplex in Georgetown. The Montague facility also houses meeting rooms, 2 walking tracks and an exceptional regional library. The Georgetown rink is operated by the Town and a volunteer Board of Directors while the Montague facility is operated for the Town by the volunteer-based Community Welfare League.

The only curling rink in the area is the Montague Curling Rink owned and operated by the private Montague Curling Club. The club is open for membership and has members from across the Three Rivers Region.

The major soccer facility in the region is the Eastern Eagles complex in Lower Montague. The facility is owned and operated by the Soccer Club and accommodates young people from across the region. There are also soccer fields in Cardigan, Georgetown and at the new Regional High School in Montague.

The primary baseball/softball complex in the region is in Cardigan, but ball fields are also located in Georgetown and at the new Regional High School in Montague.

The one indoor pool in the region is located at Town & Country Aquatics Plus in Montague. The facility is operated by a voluntary cooperative board. There is also a private gym at the facility and also another private gym in the former Provincial Visitor Information Centre in Poole's Corner. There is also an outdoor pool at the Brudenell Resort.

All local schools have indoor gymnasiums which are available for intramural activities and may be used for community purposes with permission from the School Board. Montague also has a Skate Board Park and Georgetown also opens their rink for use as a skate board facility in the summer.

There are also municipally owned recreational marinas in Montague and Cardigan. Georgetown has a commercial harbour but has been working toward the installation of a recreational marina for some time.

In total there is an impressive amount of recreational facilities in Three Rivers. Coordination of facilities and programs is a challenge, however. The many volunteers do an exceptional job but the lack of a regional Recreation Director or any full time recreational staff is an obvious gap. There is also a gap in

terms of non-sport facilities and programs for seniors and youth. Once again, full time recreational staff in the region could play a significant role in addressing this need.

## 4.4.7 Culture

The Three Rivers Area has a number of very significant municipally owned cultural facilities plus a great many private facilities.

Two of the most impressive facilities are in the Town of Georgetown. The King's Playhouse was originally built in 1897. The original building was lost to fire in 1983, but the current structure with 287 seats was built to replace it shortly afterwards. An addition was constructed in 2013 to add a banquet hall, new washrooms and a kitchen. The theatre is owned by the Town of Georgetown but operated by a volunteer board of directors. The theatre annually hosts a wide range of programming which is enjoyed by residents from across Three Rivers plus many other parts of Prince Edward Island and a great many tourists.

Right between the theatre and the historic Georgetown Courthouse is the exceptional 3.8 acre public A.A. MacDonald Memorial Gardens. The gardens contain 60 different flower beds with over 15,000 annual plants and hundreds of perennials. The Town recently also added a pond and lighted fountain. The gardens are enjoyed by many visitors to the region and by many local residents.

Another major municipal cultural facility in the region is the Garden of the Gulf Museum in Montague. Constructed originally as a post office and customs house in 1884, the building was opened as a museum in 1958. The building's design, its location overlooking the Montague River and its construction (using sandstone from the banks of the Montague River and bricks fired from Island clay) make this a significant landmark in the region. Its architecture is perhaps only exceeded in the region by the historic Georgetown Courthouse.

The other truly significant historic site in Three Rivers is the Roma Settlement in Brudenell. This National Historic Site is a recreation of the original French settlement. It is operated by a volunteer board and involves a recreation of the lifestyle of the early French settlers in the Three Rivers Region. The site welcomes many tourists and locals each summer.

The very impressive Montague Rotary Library in the Montague Wellness Centre was mentioned earlier in the report. It is staffed by a provincial librarian but primarily supported by the Town of Montague. There is also a smaller library in Georgetown and what is billed as "Canada's smallest library" in Cardigan. Both the Montague and Georgetown libraries offer public computers and Internet access.

There are also a multitude of churches in Three Rivers. The Town of Montague alone has 11 separate churches. Georgetown has 3 active church congregations and Cardigan has one church, All Saints Roman Catholic Church. It is evident that all of these churches serve congregations which extend well beyond their municipal boundaries.

There are also individual community halls in each of the 7 area municipalities. These halls tend to be in very active use hosting a range of meetings for various community groups and social functions.

## 4.4.8 Health Care

Health Care facilities and services for the entire Three Rivers Region and for all of Southern Kings are located in the Town of Montague.

The primary health care facility is the Kings County Memorial Hospital. This is a 30 bed community hospital with a physician complement of 8. The hospital provides medical services for adults and children and currently offers emergency services from 8:00 am to 10:00 pm. The hospital also provides laboratory and x-ray services, diagnostic services, physiotherapy, nutrition counselling and palliative care. The hospital is owned and operated by the Provincial Government but it is also supported by a local Hospital Foundation and Hospital Auxiliary.

The Provincial Government also operates a regional health facility on Douses Road which houses offices for Vital Statistics, Birth Registration, Death Registration, Marriage Licenses, Addiction Services, Community Nutrition, Mental Health Services, Provincial Diabetes Program, Speech Language Pathology and Public Health Nursing.

There is one major private medical clinic in Montague, the Kings County Medical Clinic. There are a total of 7 doctors in the Medical Centre. This clinic provides day to day medical services for all of the Three Rivers Region and to the balance of the Southern Kings Health Region.

There are also 3 dentists operating in Montague and serving the dental needs of the region.

## 4.4.9 Education

There are a total of 5 schools in the Three Rivers Area, 3 in Montague, 1 in Georgetown and 1 in Cardigan.

Georgetown Elementary serves the needs of younger children in the immediate Georgetown and Kings Royalty area. Enrollment has been declining for some time and is currently around 65 children. The school provides grades 1 to 8 plus a kindergarten.

Cardigan Consolidated School serves children from the Community of Cardigan and a significant rural catchment area. The school provides grades 1 to 8 plus a kindergarten. Current enrollment is around 100 children.

By far the largest schools in the region are all in the Town of Montague. Montague Consolidated serves grades 1 to 6 plus kindergarten and has a current enrollment of 428 students. Montague Intermediate School serves grades 7 to 9, including French Immersion for the region and has an enrollment of 344 students. Montague Regional High School serves grades 10 to 12 and has an enrollment of 720 students. In total the Town of Montague is currently accommodating 1,492 students from the school

district in its local schools. Based on the age profile from the 2011 Census, we estimate that only around 25% of these students actually reside in Montague.

Holland College has 2 facilities in the Three Rivers Area. Georgetown hosts the Holland College Atlantic Welding and Fabrication Centre. This 22,000 sq. ft. state of the art facility teaches welding, fabrication, pipe trades and commercial diving. The Holland College Montague Centre offers programs for adults to upgrade their academic level and to prepare for entry into post-secondary or skill training programs.

The Town of Montague also hosts the Montague and Area Senior College. This school is a branch of the Seniors College of Prince Edward Island and offers a range of courses each year including: art, bridge, computers, writing, public speaking, music listening and health. Classes are held in various locations including the Montague Access PEI facility.

#### 4.4.10 Business / Economic Services

As the economic hub for a large regional service area, including all of Three Rivers, Montague has become the home of a significant range of retail and service businesses, financial institutions and related business and economic services. Montague is currently home to the Down East Mall, 2 major regional super markets, a wide range of other retail and service shops, restaurants and food service establishments, 3 banks, pharmacies, lawyers, accountants, insurance agents, realtors, funeral homes, service stations and auto repair shops. In addition to a wide variety of commercial services, Montague is also home to eastern Prince Edward Island's only newspaper, the Eastern Graphic, and also to Active Communities and the local Community Business Development Corporation (CBDC). In total, this critical mass of business and economic services dwarfs any of the other municipalities in all of Kings County.

As noted earlier, Montague is also home to a significant number of institutional facilities including: churches, a post office and number of government offices.

As Montague has continued to develop, prime commercial land has become in very short supply (given the very restricted municipal boundaries noted earlier). The result has been a significant spill-over into the adjacent municipalities of Brudenell and Lower Montague.

A significant commercial strip has developed along Rte 4 from the northern Montague boundary towards Pooles Corner. This commercial strip through Brudenell is now the second largest cluster of commercial services in the region. The businesses along this strip tend to be ones which require relatively large sites and can also often be referred to as "heavier" commercial uses, such as construction yards, trucking depots, building supply dealers and warehousing. The area also contains auto supply dealers, a landscaping business, car wash, food service establishments, a bakery and 2 new car dealerships. Given the lack of large, highly accessible vacant commercial sites in Montague, it is likely that development pressure will continue to be felt along the strip from Montague to Pooles Corner.

A similar, but much less prominent, pattern has developed to the south of Montague in the adjacent Community of Lower Montague. One of the busiest retail facilities is the local area's only liquor store.

Further to the south is a large juice processing plant. Lower Montague also has a small used car dealership, the region's branch of the Royal Canadian Legion and a meat shop.

The Town of Georgetown was the primary service centre for the region up until the early 1900's when Montague started to develop. Georgetown still shows evidence of its prominent institutional role with the Georgetown Courthouse, the many historic churches, the post office and the Town Hall. Many of the former commercial buildings have been lost but a number of historic store fronts still remain.

As Georgetown's commercial and institutional role declined, it was replaced by a number of prominent local industries. The largest was the Georgetown Seafood Plant, followed by Georgetown Shipyards (later Eastisle Shipyards), a mussel plant, Georgetown Timber and a number of bulk oil storage tanks. Today Georgetown is experiencing another transition as the oil tanks have been removed, Georgetown Timber and the shipyard have been closed and the Town is increasingly embracing its role as a tourism destination and residential neighbourhood. The major commercial facility in the Town today is the local food/convenience store, but there are also 3 local restaurants, a heritage Inn, a bakery, craft outlets and a number of other seasonal retail outlets.

Cardigan has a limited number of commercial facilities including: a liquor store, an auto service shop, service station, Cardigan Lobster Suppers, a restaurant, Cardigan Feed Service and two beauty salons.

The other major cluster of commercial and industrial activity is at Pooles Corner. This is one of the busiest intersections in the region and it is generally considered to be the gateway to Three Rivers for many. This prime location has drawn a number of facilities such as the former Provincial Visitor Information Centre (now operated as a gym), the Kaylee Centre, Royalty Hardwoods, the large Aspen-Kemp manufacturing plant and Red's Corner restaurant and motel.

## 4.5 Land Use & Development

The commercial, industrial and institutional land use patterns in the Three Rivers Region have been quite well described in the previous sections. The prominence of the Town of Montague in terms of these land uses is clear. The impact of the Town's very limited land base is becoming quite evident as commercial and industrial development has already spilled over significantly into the adjacent communities of Brudenell and Lower Montague.

One major challenge with the spill-over of these relatively intense land uses is certainly servicing. Some of the properties in Lower Montague have already been connected to the Town of Montague central sewer and water system and further servicing extensions are certainly a possibility. Servicing in Brudenell has been a more challenging issue, but at some point it will need to be resolved.

A number of the commercial property owners in Brudenell are experiencing serious problems with their septic systems. Several have to routinely pump their septic tanks and dump the effluent (at a charge) into the Montague waste water treatment plant. In response to a request from these property owners the Town of Montague prepared an engineering study and has agreed to extend services to the entire commercial area in Brudenell. The cost would be covered by the servicing fees from the serviced

property owners. When the matter was put to a vote of Brudenell residents, however, they rejected this proposal. The affected commercial property owners now essentially remain in a situation where their septic tanks are operating simply as holding tanks. This is not a viable long term solution but the matter appears to be at somewhat of an impasse.

Residential development in Three Rivers tends to cluster close to established commercial, health care and institutional services, but it is also strongly lured to the water. Young families tend to be drawn to locations close to schools as reflected by many residential neighbourhoods in Montague. The Councils in Georgetown and Cardigan both voiced very strong sentiments about the importance of maintaining their local schools. Clearly these are felt to be critical assets in terms of supporting (and maintaining) residential development, particularly attracting or retaining young families. Since the last round of Provincial school closures, the long term fate of both the Georgetown and Cardigan schools has become a major issue in both communities and in their school districts.

The other significant factor in terms of the location of residential development is definitely the water. In Lower Montague there is considerable residential and “cottage” development all along the shore of the Montague River. Larger year-round homes are becoming commonplace and the seasonal “cottage” subdivisions are increasingly starting to become home to year-round homes. A similar pattern, although somewhat less intensive, is apparent on the Georgetown peninsula in Kings Royalty.

Brudenell reflects many of the same residential trends. There is a considerable cluster of development at Brudenell Point and elsewhere along the shoreline. There is also a considerable residential strip along the Robertson Road adjacent to the commercial service area.

Cardigan’s school and its beautiful waterfront have combined to attract a cluster of residential development, but recent population declines are a troubling trend. Across the remainder of the region residential development is quite scattered and the pattern is quite consistent between both incorporated and unincorporated areas.

## 4.6 Municipal Budgets

The consultants collected all 7 municipal budgets from 2014 and put them together on the following spreadsheet. One-time costs such as unique capital projects, election expenses, etc. have been removed to create a “normalized” consolidated budget summary.

At just over \$2.6 million the combined municipal budgets are substantial, even for a population of 4,776. The expectation is that there would be a good deal of duplication with 7 different administrations for less than 5,000 people. At the end of this report we will actually look at putting together a pro forma budget for a possible regional municipality. This may indicate areas of possible savings or efficiencies. At this point it may be most enlightening to compare this consolidated budget for the Three Rivers municipalities with a single existing municipality of comparable size.

The Town of Cornwall at 5,162 (as of 2011) is certainly the closest community in terms of population. A copy of the full 2014 Cornwall Operating Budget is included in Appendix 1. The total expenditures for

[illegible]

Cornwall were \$2,842,579. That equates to \$550 per person. The combined budgets for all 7 Three Rivers municipalities equate to \$551 per person.

The only service that Cornwall does not provide is street maintenance. The Three Rivers consolidated budget covers the maintenance of all "local" streets in Montague and Georgetown and this cost is included in the large combined "maintenance" total. Cornwall has chosen to leave all road maintenance to the Provincial Government. There is an off-setting Provincial grant of \$10,000 per kilometer for local road maintenance and it is generally accepted that this figure covers most of the actual cost. The decision is left up to all Towns whether to opt to handle local street maintenance (and accept the off-setting grant) or to leave the matter totally up to the Provincial Government.

The biggest differences in the two budgets are Recreation, Policing and Administration. The Town of Montague also shows a substantial expense for Depreciation and Cornwall shows a line item for Debt Retirement. There are no comparable line items in the other budgets for these particular expenses.

Recreation is a massive item in the Cornwall budget at \$757,250. The combined Three Rivers number is \$402,545 and this includes significant operating subsidies to the Kings Playhouse and the Garden of the Gulf Museum. When we look more closely at the individual expenditures in this category it is evident that the biggest difference is staffing costs. With a full time Recreation Director and a large support staff Cornwall spends \$600,000 annually on Recreational Staff. There are no full time recreational staff in the Three Rivers budget and limited summer support staff. Of note, Cornwall also shows an annual wage subsidy of \$145,000 for seasonal recreation staff on the revenue side of their budget.

Policing is also a major expenditure for Cornwall at \$495,000 annually. In Three Rivers only Montague has a community policing budget and it is \$116,500. This covers the cost of one additional RCMP officer. The issue of note in terms of policing costs is the actual net cost. Both the Towns of Stratford and Cornwall bring in enough off-setting revenue to actually make money on policing. In the case of Cornwall, the Municipal Servicing Grant from the Provincial Government for policing is \$434,200. When fines are added in at \$65,000 the total off-setting revenue is \$498,200, or \$3,200 more than the total cost of the policing contract with the RCMP. The net income for the Town of Stratford for policing is even higher.

The last major difference is the Administration budget. With a highly qualified and well paid Chief Administrative Officer, significant full time support staff and a large, modern Town Hall complex, it would be expected that the Town of Cornwall would have a significant administrative budget. This is certainly the case at \$523,850. The surprising fact is that the combined Three Rivers municipalities have a larger administrative budget at \$643,213. This certainly does appear to point to a clear inefficiency with the current arrangement. As noted earlier, it is currently the case that over 2,200 of the municipal tax payers in Three Rivers have access to only very limited part-time administrative support. Even given this relatively low level of service, the Three Rivers municipalities have a population which is 8% less than the Town of Cornwall but an administrative cost that is 23% higher.

## 4.7 Regional Inequalities

For a number of years members of the Federation of PEI Municipalities have been voicing concern about the perceived subsidy that municipal tax payers are paying toward maintaining certain local services that are used by regional residents living outside of their municipal boundaries. The Council of the Town of Montague has certainly made public comments about this issue in the past. Needless to say, many residents in the rural areas and municipalities surrounding Montague resent any suggestion that they are “not paying their fair share”. We heard this message loud and clear in our meetings with the various local Councils. Several Councillors in the Community of Brudenell were particularly vocal.

It certainly seems to be the case that this issue may not have been particularly well handled in the past and it has become quite emotionally charged, probably to the Region’s detriment. In any discussion addressing expanded opportunities for regional cooperation, it does seem appropriate that we attempt to clear the air on this issue and look at the actual facts. We have the advantage at this point of having done a relatively comprehensive analysis of local budgets and local services.

From the outset, we assume that everyone accepts that no tax payer outside of a municipality should be expected to contribute toward or subsidize services that are purely being provided for the benefit of municipal residents. This would certainly include such things as sidewalks or street lights in residential neighbourhoods. Sidewalks and street lights in the commercial core area are a little more cloudy, but it seems reasonable that the local residential tax payers and the commercial tax payers should be covering those costs also. Sewer and water services are not covered within local tax rates but are paid for by independent user fees.

On the other hand, it does not seem appropriate that local municipal tax payers should unilaterally fund the full costs of regional schools or regional recreation or cultural facilities. Something that can be clearly documented as a “regional” service should be supported by all users in the region if possible.

The three communities that do appear to be providing some true regional services are Cardigan, Georgetown and Montague. Cardigan’s major regional service is fire protection, and all users both inside and outside of the municipality contribute equally to support that service through their fire rates. The other regional service in Cardigan is the Cardigan Ballfield complex. This complex has certainly benefited from funding support from the Canada Games and other government grants, but the Community of Cardigan contributes annually to capital upgrading and maintenance of this major regional facility. Volunteer efforts are also a massive element of the annual operation of these fields. An argument can certainly be made to justify some level of regional support for this major regional sport facility.

The Town of Georgetown has by far the lowest per capita residential assessment base in Three Rivers at only \$21,864 per person. Brudenell for example is \$102,056 per person. Even with this very meagre revenue base, Georgetown provides a number of services to its rural neighbours. The first is, once again, fire protection. After our regional analysis we are very suspicious that Georgetown may actually be subsidizing its rural fire protection rates. The rural fire rate in the Georgetown Fire district is 5 cents

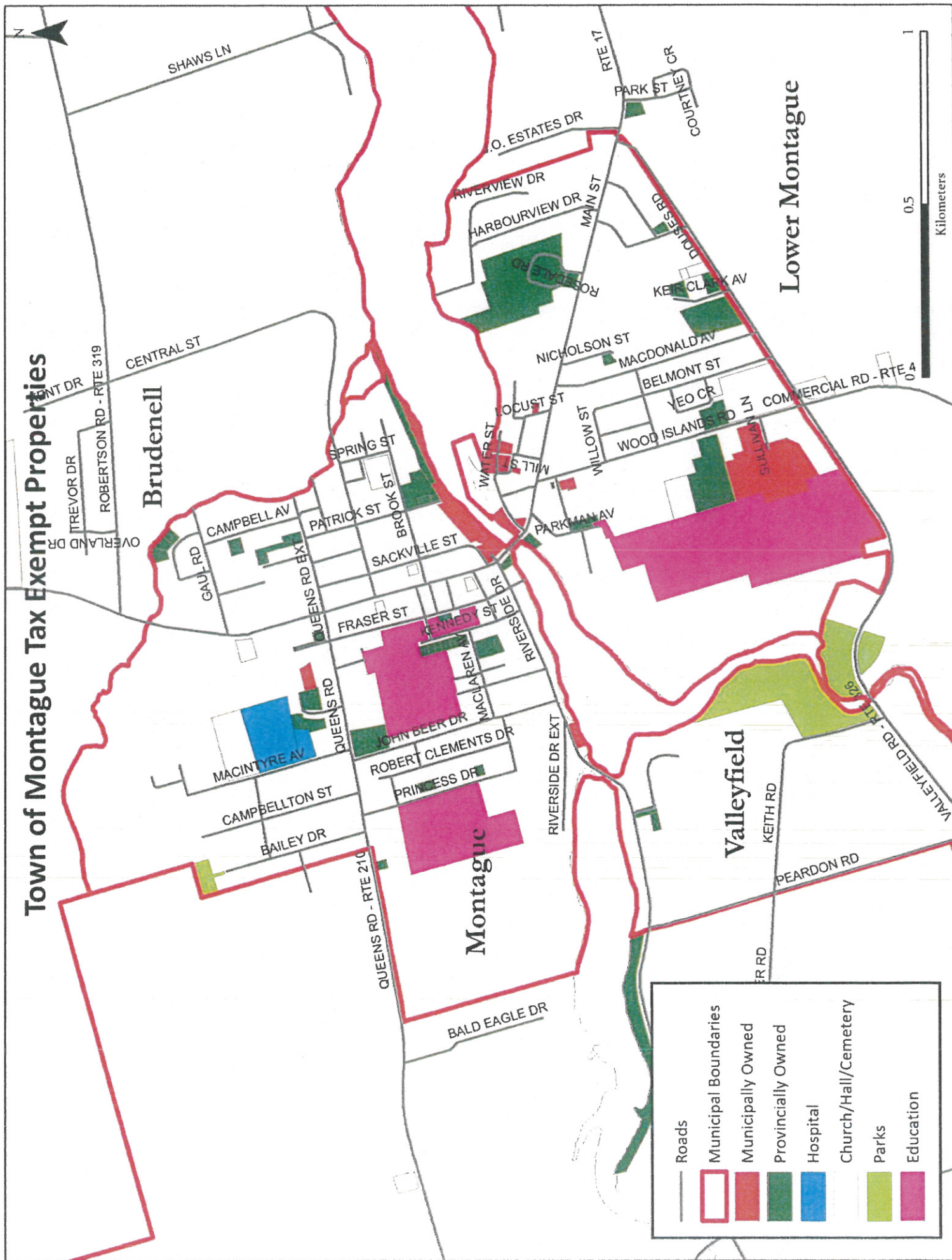
per \$100 of assessment, while the neighbouring rate in the Cardigan Fire District is 9 cents per \$100 of assessment. That is a massive difference for essentially exactly the same level of service. The rate payers in the Town of Georgetown also support the regional ice rink, the Three Rivers Sportsplex, through annual operating subsidies and capital improvements as necessary. Georgetown is also home to the local elementary school and the Kings County courthouse. Neither of these provincially owned facilities pay any property taxes. Any costs to support these regional facilities are totally borne by the tax payers in Georgetown. Lastly, the tax payers in Georgetown also contribute an annual operating subsidy to the Kings Playhouse and to the A.A. MacDonald Memorial Gardens. These are both regional tourism attractions and important cultural assets for the region. It would not appear inappropriate if the least financially able municipality in the region received some moderate level of support for its regional services from its more affluent rural and municipal neighbours.

The most contentious municipality is certainly the Town of Montague. There is no question that Montague's neighbours tend to see it as being quite prosperous. In fact, the average per capita residential assessment in Montague is only \$36,445. We also know that Montague has one of the oldest populations in the region (32% of the population is over 60 years of age). Even with this very moderate assessment base and a rapidly aging population, Montague currently provides a very broad spectrum of municipally supported regional services.

The facility that seems to get the most attention is the Cavendish Farms Wellness Centre. This facility receives over \$100,000 each year in capital and operating support from the Town of Montague and its ratepayers. Everyone readily concedes, however, that the majority of the users for this major regional facility are from outside of the Town of Montague. Brudenell does contribute over \$15,000 annually toward the original capital cost, but no one outside of Montague contributes to the annual operating subsidies.

Another regional facility is the Montague library. All the costs of this library other than the provincial librarian are covered by the Town of Montague. We understand that there are approximately 4,600 members of the library. With a total population of 1,895 in Montague, it is obvious that the majority of these members are from outside the municipality.

The elephant in the room in Montague is the Provincial Government. In our discussions with various regional Council members it became clear that no one was aware that the Provincial Government did not pay municipal taxes on its facilities and offices. The attached map (Map 3) shows how massive an issue this is for the Town of Montague. Including the 3 regional schools this amounts to 123.8 acres of prime land that is not paying its share for local services such as sidewalks, street lights, road maintenance, etc. The Kings County Memorial Hospital does pay a moderate "grant in lieu of taxes" but all the other Provincial facilities pay nothing. This means, firstly, that the tax payers of the Town of Montague are effectively subsidizing all of the provincial regional services that are based in the Town. The majority of the users of these services across the region are not contributing anything to these costs. The second major challenge is what economists refer to as the "opportunity cost" of this massive block of essentially non-productive land to the Town. When we consider that Montague's biggest challenge at present is its lack of land for residential and commercial growth, taking 123.8 acres of prime



land off the books in terms of its availability for other developments is dramatic. The annual income loss (lost potential tax revenue) to the Town is very significant.

Looking at the bottom line it is very clear that Cardigan, Georgetown and to a much greater extent, Montague, are truly subsidizing a number of regional services within their current residential and commercial tax rates. It is also true that these three municipalities have the lowest per capita assessments of the 7 regional municipalities and they are also much lower than the surrounding unincorporated areas (average per capita assessment in the three rural fire districts is \$71,626). It appears that those with the least ability to pay are carrying the majority of the tax burden in terms of supporting many regional services.

When we pointed out some of these facts to a number of municipal Councils some Councillors were truly surprised. The one argument we heard quite often was "we support Montague through our consumer expenditures in the Town". Unfortunately this argument does not stand up to scrutiny. In fact, every consumer in the entire Three Rivers Study Area shops in Montague and directly supports these businesses, including all the residential tax payers in Montague. It could even be argued that residents of Montague probably purchase more in local stores due to their close proximity. In this respect it may be said that all regional tax payers are equally supporting services in Montague by supporting local business (and thus enabling them to pay commercial taxes). It is only Montague's residential tax payers, however, that are paying the extra tax burden via their local residential taxes.

The current situation is clearly inequitable. The very good news is that with a regional assessment base of \$481,140,797, an additional regional contribution of a few cents per \$100 of assessment would go a long way to help balance the regional tax burden. As we noted earlier, a one cent tax rate on each \$100,000 of assessment only represents an annual tax cost per household of \$10.00. This is one of the best illustrations of why managing the Region as one integrated entity makes sense.

## 5. Options for Increased Regional Cooperation

There would appear to be three primary options for achieving an increased level of regional cooperation in the Three Rivers Region. The first would be some arrangement for the cooperative sharing and joint administration of certain services. The second, and significantly more comprehensive option, would be the creation of a single regional government for the entire Three Rivers Region. The third option would be some level of partial or selective amalgamation or annexation. A fourth implied option is obviously maintaining the status quo. Given the very real challenges facing the Three Rivers Region, this certainly would leave open the alternative which has been implemented in many other provinces and in the

Charlottetown and Summerside Regions, which is the unilateral imposition of municipal restructuring by the Provincial Government. This is certainly not the preferred option by any of the parties but a “do nothing” approach for the region is simply not sustainable over the long term and would put the Provincial Government in a position where it may be forced at some point to impose a solution. Without question, a “made in Three Rivers solution” should be the preferred option for everyone in the region.

The first option on the surface would appear to be a comfortable and more easily achievable first step toward greater regional cooperation and integration. It would leave the current 7 municipalities in place and establish some type of regional board(s) or commission(s) which would assume responsibility and authority over one specific program or service area.

The second option would be the creation of a new Regional Municipality, which would become the fourth largest municipality on Prince Edward Island. The benefits in terms of greater overall efficiency, greater economic development potential and greater political power for the region are quite apparent. The challenges of maintaining local identity, affordable (and fair) tax rates and balancing the interests of both rural and urban property owners, however, must all be addressed if this bold initiative is to be embraced by local residents and local Councils.

The third option may emerge if a significant number of regional communities and residents (but not all) see the strategic benefits of regional amalgamation / annexation. It would certainly be preferable to have the entire region move forward together, but there may well be sufficient benefits to convince a sub-set of the participants in the region to consider coming together for their mutual benefit. Similar to shared services, this could be a first step that, if successful, may convince others to subsequently opt for broader-based regional integration.

## 5.1 Shared Services

There are not a great many successful examples of shared services between municipalities on Prince Edward Island. The Charlottetown Area Regional Planning Board (CARPB) appeared to be an excellent vehicle for addressing land use and environmental issues in the greater Capital region which were not well covered by individual municipal Official Plans. Unfortunately, CARPB was never able to achieve a strong level of commitment or participation from the many member municipalities. The concept appeared to be sound but coordinating such a large number of municipal partners proved to be unmanageable.

By far the best examples of inter-municipal cooperation occurred between the communities which eventually amalgamated to form the new Town of Stratford. The Villages of Southport and Bunbury had the first joint planning board on Prince Edward Island, the Southport-Bunbury Joint Planning Board. This Board operated for many years with one Official Plan and joint administration. Even with two very comparable municipalities located side by side on the opposite sides of the Trans Canada Highway, however, the Board eventually disbanded and each community adopted their own independent Plans, Bylaws and their own Planning Boards.

A more successful long term initiative was the Bunbury-Southport Pollution Control Commission. This jointly owned corporation developed and managed the waste water treatment plant in Southport and the sanitary sewer systems in both communities. Eventually, the Commission expanded its services to provide sewer services to the adjacent Community of Cross Roads. Once the Town of Stratford was formed the corporation essentially was absorbed, renamed and continued to exist, owned by a single regional municipality. At that point services were also extended into the former Community of Keppoch-Kinlock.

Equally successful was the Waterview Recreation Commission. This agency had membership from all four regional municipalities (Southport, Bunbury, Cross Roads and Keppoch-Kinlock). It hired a full time Recreation Director and full time recreational staff and coordinated all recreational programs in the four member municipalities. Many of those involved in the eventual creation of the Town of Stratford give credit to Waterview Recreation for establishing much of the cooperative foundation that made the Town of Stratford possible.

The other cooperative venture in the Stratford region was the Cross Roads Rural Fire Company. This is a private, volunteer-driven company that was established to provide local fire services to Southport, Bunbury, Cross Roads, Keppoch-Kinlock and a significant surrounding rural fire district. Even after municipal amalgamation in Stratford, the Cross Roads Rural Fire Company continued to operate as an independent corporate entity and still does so today.

There is no question that the close working relationships formed by these four cooperative ventures made the eventual amalgamation in the Stratford Region much easier to achieve. The benefits of a cooperative approach to service delivery had been well demonstrated.

The biggest differences between the 4 former Stratford communities and the municipalities in Three Rivers are first, the sheer number of municipalities involved, second their relatively small size and third their physical separation. As an example of the last issue, we looked at the possibility of bringing the sewer and water and maintenance departments in Montague and Georgetown together as a single unit. While there are many common functions and there would be obvious advantages in terms of administration, the sheer distance between the two Towns would tend to negate many (probably all) of the potential operational savings.

There are four service areas that have been identified, however, where regional coordination appears to make sense in Three Rivers. These also happen to be the four primary areas where service improvements are strongly recommended for the Region and where common interests exist between incorporated and unincorporated property owners. They are: Land Use Planning; Recreation; Community Policing; and Economic Development.

The following sections will look at each topic in detail and also consider the pros and cons of a shared servicing approach.

### 5.1.1 Land Use Planning

In the opinion of the authors, there is no service that is more needed or has more potential value to the property owners of Three Rivers than Land Use Planning. As noted earlier, only 4 out of the 7 incorporated municipalities in the region have protection against land use conflicts (through their own Official Plans and implementing bylaws). The property owners in Cardigan, Valleyfield, Lorne Valley and all of the unincorporated areas currently have no protection from the serious impacts and risks that can be caused by conflicting land uses.

The adoption of a Regional Land Use Plan and implementing Subdivision Control and Zoning bylaws could easily cure this problem. A locally prepared Plan could also incorporate the goals, objectives and overall vision of local landowners in terms of how they want to see their local community and the larger region unfold in the future. A Regional Plan can also incorporate the 4 existing Official Plans as “area Plans” within an overall regional document. A Regional Planning Commission could include local community representation to ensure local input into local development decisions. There would also be significant potential savings due to shared administration and enforcement, compared to independently administering a number of separate Plans and bylaws.

The primary challenge facing the creation of a Regional Planning Board is the fact that the *PEI Planning Act* currently gives planning and development authority only to incorporated municipalities. A Regional Plan which did not cover a contiguous block of land (such as the full study area) would essentially represent a “patchwork” document with large uncontrolled areas encircling most communities. This would not address the serious needs of those in the unincorporated areas and it would also allow potentially undesirable development to occur on the fringes of each municipality. It would also fail to achieve the critically important objective of being able to plan the entire study area as an integrated region and to maximize economic and environmental development benefits.

The other challenge which surfaces for any regional servicing initiative is collecting funds to pay for the regional service. In the case of our rural fire districts, there were chronic problems collecting fire dues from some rural property owners for many years. The prospect of not answering a fire call due to the non-payment of fire dues was a situation that nobody wanted our volunteer fire fighters to have to face. Without any ability for municipal or rural fire companies to apply or collect taxes or fees in an unincorporated rural area, the Provincial Government had to finally agree to step in and collect fire dues as part of the Provincial Real Property tax collection system. This system now works extremely well. It is not expected, however, that the Province would agree to collect service rates from rural property owners for other services (such as land use planning and development control).

### 5.1.2 Recreation

As noted above, the four former communities in the Stratford area had a very successful regional Recreation Commission for many years. It only ceased to operate when it was taken over by the new Town of Stratford and it is now essentially the Town’s recreation department. There is also a successful

Recreation Commission in Eastern Kings County, including the Town of Souris and the Community of Eastern Kings. These communities share the cost of a full time regional Recreation Director.

Currently the recreational facilities and programs in Three Rivers are somewhat fragmented. There are many groups involved in program delivery but there is no central coordination. The many volunteers currently do an exceptional job, but most are focused on a single activity or community. Full regional integration and the support of a full time Recreation Director and other recreation staff could offer significant improvements and much needed support to volunteers.

The particular needs for non-sport recreational programs for youth and seniors are obvious priorities. The Town of Montague has the Just Being Kids Program at the Wellness Centre (a satellite of the Boys and Girls Club) but there are almost 1,500 school aged children in Montague schools each day and a more comprehensive Boys and Girls Club facility and more broadly based regional programming would appear badly needed. The new skate board park (2014) in Montague and the skate board facility at the Three Rivers Sportsplex in Georgetown are certainly excellent initiatives, but the needs of the rest of the region and other target groups need to be better addressed. There certainly are seniors activities provided across the region but a broader based range of activities and perhaps a full scale senior's drop in centre would be very beneficial.

The benefits of a comprehensive, multi-faceted recreation program in terms of enhanced physical and mental health are well established. Increased physical activity and social interaction contribute greatly to a community's overall level of wellness. Waterview Recreation has also demonstrated the important contribution that an integrated regional approach to recreation programming can make towards establishing a foundation to support long-term inter-municipal cooperation.

While the benefits may be clear, the challenges of establishing a Regional Recreation Commission are considerable. As noted earlier, the challenge of simply bringing 7 separate municipalities together to create a consensus on any issue is daunting. Even if we were able to be successful at the municipal level, we would still need to determine how to effectively integrate the many recreational program participants who live in the Region's unincorporated areas and give them a voice in programming decisions.

By simply appointing rural members to a Regional Recreation Commission we would help to achieve a higher level of rural input into programming decisions. The challenge of collecting some equitable financial contribution from unincorporated property owners, however, is difficult to address. Some form of levy is almost impossible to collect, as proven by rural fire dues. User fees for each program would create a major disincentive for regional participation.

In other jurisdictions it appears that only inter-municipal Recreation Commissions have been successful, largely for the reasons noted above. The current manner of paying for recreational programs in Three Rivers is highly inequitable. Adding a full time Recreational Director and other recreational staff, who are paid for solely from municipal taxes, would simply compound the current situation. Without some effective means of distributing the costs of regional recreation programs (and facilities) to all property owners in the Region, full regional integration is, unfortunately, not likely to be feasible.

### 5.1.3 Community Policing

There is essentially no level of community policing in the Three Rivers Region. The regional detachment of the RCMP in Brudenell does a more than adequate job of responding to crimes and other major security concerns in the region. They certainly are not able to perform (and do not claim to perform) the role of a community police force.

True community policing is very much about crime prevention and promoting an overall feeling of security in the community. In our interviews with all 7 municipal Councils the level of visibility and public engagement for the regional RCMP detachment was generally rated as low. As a direct comparison we would recommend looking at the Town of Kensington. With a population of only 1,496, the Town of Kensington has been able to fund its own independent municipal police force. This force is highly visible in the Town at all times and is an important and intrinsic part of the community. Chief Lewis Sutherland and his officers are present in the local schools on a routine basis and they make special efforts to engage the young people of the Town. An annual Bike Rodeo and a fishing Derby are among the police sponsored events aimed at building a rapport and presence with the Town's youth. The primary objective of the force is to be a highly visible presence in the Town and to work to prevent crime before it starts.

Three Rivers has faced a number of recent tragedies which have caused all residents to have an increased level of concern for their personal security. Some form of regional "community police force" should be a high priority for the Region. The Town of Montague is the only municipality funding any level of community policing at present. The Town currently funds one additional RCMP officer in the Brudenell detachment. This certainly is a positive gesture and an important one, given that most of the Region's children are in the Town attending school all week, and often socializing at night. Unfortunately one officer has not been able to achieve much visibility or presence in the Town.

A Regional Police Commission might have the ability to cooperatively fund (and direct) a significant regional police force. This could be via a contract with the RCMP or via the formation of a local force similar to the Town of Kensington. The benefits of a true "community" police force that could maintain a highly visible and proactive presence across the region would be dramatic. Simply by having a visible presence in all 5 Regional schools, participating in recreational programs and routinely visiting seniors groups and others the force could have a significant impact on crime prevention and enhancing the overall level of security in the Region.

Cost is certainly the primary concern in terms of providing any level of increased policing in the Region. Fortunately, the Municipal Service Grant program provides grants from the Provincial Government to offset the actual cost of policing. The system for calculating the amount of these grants is somewhat hard to predict, but it is interesting to note that both the Town of Stratford and the Town of Cornwall actually make money on police protection, once the Provincial Grant and fine revenues are added together.

There is no question that a Regional Municipality of 7,744 people should have the political clout to demand equal treatment in terms of police funding to that currently provided to Stratford and Cornwall. A cooperative Regional Police Commission supported by the 7 area municipalities should still have a strong voice. If members of the Commission could be appointed from the unincorporated areas of the Region, it would appear that the Provincial Government would have a very difficult time denying equal funding treatment for such a strategic initiative. It certainly would appear to be appropriate to put the matter forward to the Province and for local councils and local residents to demand equitable funding treatment.

This is clearly one area where funding for an enhanced regional service should not be a major disincentive for regional participation.

## 5.1.4 Economic Development

It should be readily apparent to everyone in the Three Rivers Region that promoting the entire Region as a destination for economic activity is preferable to having 7 independent municipalities competing against each other. The challenge normally is getting the individual municipalities to put aside their individual development agendas and buy into a comprehensive and integrated Regional Development Strategy.

Some form of Regional Industrial Commission or Regional Development Corporation with participation from all 7 municipalities has obvious appeal. Being able to promote one large integrated region would have far more appeal for prospective investors. A Regional tourism strategy with a shared brand and integrated marketing could certainly help to promote Three Rivers as a tourism destination. It is widely perceived that the Region's tourism potential has not been fully realized.

The Town of Georgetown already has a very active and effective local Development Commission, the Georgetown Area Development Corporation (GADC). Montague also has its Waterfront Development Corporation. If these two municipalities remain independent, there would need to be a decision as to whether these agencies would remain in place or whether it would be preferable to coordinate all regional development activities through one regional agency.

While the appeal of a Regional Commission is very strong and the financial cost may be manageable (Montague has a full time Economic Development Officer whose salary is already included in our consolidated budget), there is one major problem. In order to maximize the economic development potential of the Region we should first have a Regional Land Use Plan.

As noted earlier, there is no process under the *PEI Planning Act* to prepare and adopt an Official Plan and implementing bylaws for an unincorporated area. If development is to essentially remain uncontrolled in much of the Region (including locations like Poole's Corner), it will be impossible to develop an effective Regional Development Plan. It is only through the incorporation of a Regional Municipality that a region-wide land use and strategic economic development plan can be developed and implemented. One of the primary things that sophisticated investors look for is an effective and

progressive municipal development strategy (Official Plan). As noted on several occasions in this report, property investments are highly exposed without land use bylaws in place. Business investors are well aware of this risk and look for a secure environment in which to invest.

## 5.2 A New Regional Municipality

It is clear that many of the potential benefits of shared services across the Three Rivers Region are essentially not achievable given the factors noted above. We are also faced with the conundrum that one of the biggest challenges facing the Region at present is an overly complex and inefficient local government structure (7 local administrations and 49 local politicians). It does seem somewhat counter-intuitive to suggest that the solution for this is to add another level of regional commissions.

The simplest, most efficient and by far the most effective option is to create one regional government for the entire Region. By amalgamating the 7 existing municipalities and then annexing the unincorporated areas included in the Study Area we can effectively address all of the challenges noted in the Shared Services section. The resulting regional municipality would become the fourth largest municipality on Prince Edward Island. It would be able to prepare, adopt and implement a region-wide land use plan which would provide protection for all property owners in the region from serious land use conflicts. It would also give everyone a say in what happens in their region. This Regional Land Use Plan would also provide the foundation for an effective Regional Economic Development Strategy which could serve to attract more economic development and employment, and also channel development to optimum locations in the Region. Once the current municipal boundaries are removed, any new development in the Region will benefit all regional tax payers equally. There should no longer be any reason for non-productive inter-community rivalries.

With a combined assessment base of nearly \$500,000,000, it is expected that the inequalities in the current tax system can be addressed through relatively minor changes in tax rates. A new Regional Municipality would also be well positioned to negotiate a very attractive policing subsidy (similar to the arrangements currently in place in Stratford and Cornwall) which should enable the establishment of an affordable and effective regional community police force. The cost of full time recreational staff and a full time Development Officer should also be easily absorbed and largely paid for out of increased efficiencies in the administration of the Region. Rural property owners would also gain access to local full time administrative services and also gain a voice in regional decisions which affect them.

There are a number of significant challenges which must be addressed, however, if the concept of one Regional Municipality is ever to achieve any level of public support. The first is obviously overcoming the very high level of local concern over higher tax rates (from both rural residents and residents in the 5 unserved municipalities). The second is the emotional fear of losing local community identity. Many of the communities in Three Rivers have a very long cultural history and residents have a deep-seated attachment to their local identity. Connected to this is the fear from residents about losing control over issues which affect their local community. Finally, there is the widely expressed fear across the Region that regional government would essentially amount to a "take-over" of the rural areas by the Town of Montague. All of these fears must be directly addressed before the majority of residents and land

owners in Three Rivers will ever consider looking at the obvious strategic benefits of this new regional structure.

The consultants put together some preliminary projections on budgets and tax rates for a potential new Three Rivers Regional Municipality and presented them to all 7 municipal Councils. Even those councillors who were quite strongly opposed to the concept of amalgamation from the outset were hard pressed to not be intrigued by the bottom line. As a result, the consultants were asked to perform a more in depth analysis and to prepare detailed operating budget projections and possible ward system boundaries to illustrate and document our initial findings in more detail. We have ended up producing a relatively detailed prospectus for a potential new Regional Municipality which is presented in full in the following section of this report.

If this relatively dramatic proposal is to move forward, there are two major preconditions which all present municipal Councils and all rural property owners should insist upon (and which were referred to earlier in this report). First, as recommended by Commissioner Thompson, the tax system of the new municipality must be based on tiered tax rates or "area rates" whereby each property owner only pays for the actual services they are receiving. At a minimum this would mean a "serviced" rate and a "rural" or "unserviced" rate, and the difference between those rates must be substantial. Second, in order to ensure that the interests of rural and urban property owners remain protected, there must be a ward system put in place that is firmly based on the concept of "representation by population". This is the only way that we can ensure that the interests of all parties (and all local communities) are represented and balanced around the new Council table.

## 5.3 Selective Amalgamation/Annexation

While there has been a great deal of positive response to the preliminary findings in this report from many local Councillors, it is expected that unanimous support from all 7 Councils for a new regional government may be difficult to obtain. Two interim options are possible. One would be for selective or partial amalgamation / annexation of some of the regional municipalities and some of their surrounding rural neighbours.

An example might be the amalgamation of Lower Montague and Valleyfield and the annexation of some of their rural neighbours. Valleyfield's Council has discussed for some time the possibility of adopting a local Official Plan and implementing bylaws. Valleyfield has also been approached by some of its rural neighbours seeking to join their municipality. It would certainly be an appealing and very logical option for Valleyfield and its rural neighbours to consider approaching Lower Montague to amalgamate. Lower Montague's current very modern Official Plan and bylaws could be easily amended to cover the expanded area and the consolidated municipality would certainly be financially stronger.

There are obviously many other possible combinations that could evolve should a full regional consensus not be achieved. While selective amalgamation might be seen as a first step toward full regional government, it is also possible that the rural/urban factions could become more polarized through this process.

The other possible “interim” step could be more positive. This would involve the 7 existing municipalities starting the process by approaching their unincorporated neighbours to join one of the existing municipalities. If we were able to incorporate all of the Three Rivers Study Area, this would address many of the challenges noted in the Shared Services section. A fully incorporated region would be able to prepare and implement a Regional Land Use Plan and also form a Regional Development Corporation. The combined municipalities could also jointly apply for funding to establish a regional police force.

This option would leave the current very inefficient administrative structure in place but it might be seen as an option which is less radical and lower risk than a move to full regional government.

The possible combinations or permutations for selective or partial consolidation are too numerous to evaluate in advance. The cost/benefit analysis of any particular option would have to be performed at the time any preliminary discussions are being held.

## 6. Conclusions & Recommendations

### 6.1 General

At the outset of this project it was evident that many participants were somewhat guarded in terms of their expectations. The leap from 7 independent municipalities and a large unincorporated area to a single regional municipality was hard for many to grasp. Fears of dramatic tax increases and a loss of local identity were wide-spread. A common sentiment expressed by many Councillors was that regional government would essentially amount to being taken over by the Town of Montague. The expectation of many was that regional cooperation would likely have to move forward in a gradual fashion. Some level of shared services certainly seemed to be the most appropriate (and least intimidating) first step.

Based on our analysis, adding a level of shared services between the current 7 municipalities would not prove successful. This is due in large part to the substantial mass of unincorporated properties that separate and encircle the incorporated municipalities. Without the inclusion of these rural properties and rural property owners, the result is not a contiguous or effectively functioning region. It would be a patchwork at best.

One of the biggest challenges facing the region currently is its highly fragmented and inefficient level of administration. Adding another level of regional commissions to administer shared services would simply compound the current problems. The consultants have found it extremely demanding trying to arrange meetings and build consensus between 7 separate municipal Councils. This cumbersome structure would prove very challenging in terms of being able to reach a consensus on the many policy and procedural matters that would likely have to be decided on an on-going basis. The many problems

faced by the Charlottetown Area Regional Planning Board are an indication of the challenges that could arise.

As noted above, a very useful first step might be to annex the existing unincorporated lands in the Study Area into some of the existing municipalities. At least then the 7 Councils could actually speak for the entire region and issues like a Regional Land Use Plan could legally be addressed. Some selective amalgamation between existing municipalities with strong common interests could also serve to simplify current administrative overlaps and also reduce the number of voices around the negotiating table.

Considering all the factors highlighted in this report, it is the strong recommendation of the consultants that the 7 municipalities in Three Rivers move forward to create a fully integrated regional municipality. This option holds the greatest potential in terms of maximizing the region's economic development potential and it would also create the most efficient and effective administrative structure for the delivery of regional services. If properly structured, this option also has the potential to be the most affordable and most equitable option for all residents of Three Rivers. There are certainly a great many questions that need to be answered and a considerable amount of supporting information that needs to be presented in order for current Councils and residents to make an informed decision on this significant change. In order to assist with this process the consultants have put together a relatively detailed prospectus for a new Regional Municipality. The information is presented in the next section of this report. Hopefully this analysis addresses many of the questions that will arise. All we can do at this juncture is present one highly appropriate scenario and project the likely outcome. Until the new Regional Council is elected, however, the final decisions on services, tax rates and other crucial matters can only be surmised. We hope that this information will provide a useful framework to assist the new Council with its deliberations and also permit well informed public discussion about this option.

## 6.2 Three Rivers Regional Municipality

### 6.2.1 Profile

From the outset it is important to note that we have been using the name "Three Rivers" simply to facilitate our discussions and our analysis. If the decision is made to move forward, it is recommended that a contest be held (as happened in the Town of Stratford) to select a name for the new municipality. If the boundaries recommended in this study are accepted by the 7 municipal Councils and the residents of the Region, Three Rivers would immediately become the fourth largest municipality in Prince Edward Island (7,744 people). Three Rivers would also become the economic hub and the dominant voice for issues which affect the entire Kings County region. With a combined assessment base of nearly \$500,000,000, Three Rivers would also have a strong and sustainable financial foundation.

Three Rivers will be a unique municipality on Prince Edward Island with the majority of its land base and over 60% of its population being rural. Essentially, Three Rivers will be a rural municipality with a serviced core area. With a properly configured ward system in place, the rural areas of the municipality should be in the majority on Council. We are confident, however, that once the somewhat artificial

municipality boundaries come down that the region will cease to be as fragmented and polarized and there will be a growing appreciation that the health of the serviced core area is critical to the well-being of the entire region. Without the current municipal barriers, it is expected that development in the region will continue in the most logical and effective manner. Any future economic growth in the region will benefit all taxpayers equally.

At the beginning of this report it was stated that any process of amalgamation/annexation had to be viewed as a developing a new partnership where there would be benefits for all parties. The new municipal structure outlined here would provide important new security and a strong (and legally entrenched) voice for rural residents and land owners, but it would also create a more equitable tax system and greater economic growth opportunities to help maintain affordable services for all residents and property owners in the region.

Based on the economic performance in Charlottetown, Summerside, Stratford and Cornwall after the 1994 amalgamations, it is expected that Three Rivers will see considerable economic growth as a new regional municipality. In the case of Charlottetown and Summerside, these cities were quite stagnant prior to 1994. After amalgamation both cities experienced significantly stronger economies and strong economic and population growth. The Town of Stratford has been one of the fastest growing municipalities in eastern Canada since amalgamation and Cornwall has also seen significant improvement in its economy. Both Stratford and Cornwall developed local Business Parks shortly after amalgamation and Stratford is now looking for room for expansion. Both Towns have experienced growth in services and employment. The expectation is that Three Rivers will also experience an upturn in its local economy and a continuation of recent population growth.

A tiered tax rate system will ensure that rural residents pay only for the services they are receiving but a strong regional assessment base and strong economic growth should also allow the cost of regional services to be spread somewhat more equitably.

A Regional Land Use Plan will assure all property owners that their property values are protected and that they have a say on developments that may directly affect them. All development in the region will be controlled by the local Council, not the Province.

Access to increased municipal grants will make increased local services (such as community policing and increased recreational staff) more affordable.

## 6.2.2 Community Identity

One of the voiced concerns about Regional Government is that the identity of the long established local communities would be eroded or destroyed. Experience from other jurisdictions indicates that this does not need to be the case (and has not tended to happen). In other jurisdictions where there has been a new level of regional administration established (and a new municipal title), the existing place names have tended to continue to be used. In a region like Three Rivers where the existing community names have so much cultural and historic significance, the question has to be asked, why would we want to

lose this valuable element of our identity? While for administrative purposes the name of the corporate entity will become Three Rivers (or whatever the new municipal name might be), we would certainly expect that the residents of Cardigan or Georgetown would still say they lived in Cardigan or Georgetown. There is a great deal of emotional attachment and historical value to the community names in this region and there is no reason why we should want to abandon those names. The physical separation of our current communities will tend to reinforce the fact that people will continue to use local place names.

## 6.2.3 Revenues

As noted earlier, the most significant source of revenue for municipalities is property taxes and the combined assessment total for the Three Rivers Region is a vitally important factor in terms of long term financial sustainability. There are, however, a number of other important sources of revenue. Primary among these are the “New Deal” funds from the Federal Government and Municipal Grants from the Province. These are summarized in the following sections.

### 6.2.3.1 New Deal Funding

There are a number of funding options available within the Federal Government’s “New Deal” program. Perhaps the most notable is the “Gas Tax” grant. There are several categories for funding under the Gas Tax Program. Municipalities with sewer and/or water services get a minimum annual grant of \$100,000. Those serviced municipalities with populations over 1,000 share a portion of the “direct allocation” fund based on their population total.

All municipalities with no central services share a portion of the “notional allocation” fund based on their population. Table 5 below illustrates the current (2014) allocations for all 7 municipalities in Three Rivers and also indicates the projected total amount which would be available based on the new population for the consolidated Three Rivers. The impact of the increased population is clearly evident. Essentially the total annual Gas Tax Grant for the Region would be more than doubled, from \$320,633 to \$654,059.

As part of the New Deal funding there has traditionally also been a “Capacity Building” fund. This fund previously provided up to 100% funding for up to \$50,000 for the preparation of new Official Plans and implementing bylaws or for Official Plan Reviews. The rules for the Gas Tax Program are currently changing and the availability of these funds in the next phase is not certain. The expected budget for the preparation of a full Regional Land Use Plan for Three Rivers would probably be in excess of \$100,000. Since 4 existing Official Plans would be absorbed into the new document, it is hoped that some concession might be made to fund the full amount out of the Capacity Building fund. Essentially, 4 existing Plans will be receiving comprehensive reviews and three more existing municipalities will be getting full Plan coverage, in addition to a very large rural area. The initial indication from the Infrastructure Secretariat Office is that some of the additional Gas Tax funding could be applied to fund up to 100% of this project.

There are also cost-shared funds available under the Build Canada Fund which require a one third contribution from the municipality. For projects where there is some revenue potential, such as utility investments, it may be appropriate to amortize the municipal portion of the project and retain the Gas Tax allocation for projects which require 100% funding support.

**Table 5**  
**Gas Tax Allocation Projection 2014**

Montague	169,521
Georgetown	100,000
Lower Montague	15,915
Brudenell	8,663
Cardigan	7,945
Lorne Valley	2,537
<u>Valleyfield</u>	<u>16,082</u>
Current Total	320,663
Potential Three Rivers	<u>654,059</u>

(projected pop. 7,744 – 10.38% of total Direct Allocation population)

(Formula: Direct Allocation total is increased from \$6,150,000

to \$6,301,142 by adding in the current allocations to the lower 6

municipalities. Total population in the Direct Allocation pool is increased

to 74,597 (68,748 + 5849). The percentage of this population represented

by Three Rivers is 10.38%. The resulting Gas Tax allocation is \$654,059.)

### 6.2.3.2 Municipal Grants

There are two major municipal grants from the Provincial Government: the Municipal Support Grant, and the Equalization Grant. There are also two smaller grant programs: the Island Communities Fund, and the Provincial Infrastructure Fund.

The **Municipal Support Grant** provides financial assistance to municipalities that offer police and/or street maintenance services. From 1995 to 2008 the amount of the grant was based on the tax rate.

The Province basically passed on a portion of the property taxes collected to offset the cost of providing these services. Since 2008 the Province has adopted a straight grant system and the actual amounts have been varied by the Province based on a formula which has been hard to predict. Basically the grant for street maintenance has generally followed a principal of \$10,000 per kilometer of "local" streets. The policing formula has been harder to predict, but as noted earlier, the Towns of Cornwall and Stratford have been able to cover their entire policing costs (when fine revenues are added).

For Three Rivers, the Towns of Georgetown and Montague currently handle the maintenance of local streets and each receives an offsetting grant. This situation should not change with a new Regional Municipality. It would be solely up to the new Council to decide if it wanted to take on any further street responsibilities. Both the amalgamated Towns of Cornwall and Stratford have chosen not to take on any street maintenance responsibilities.

It would certainly be hoped that if the new Council decides to establish a Regional Community Police Force, that the fourth largest municipality on Prince Edward Island could expect equitable financial treatment to that currently provided to Stratford and Cornwall and that the net cost of this force should be essentially offset by the Municipal Support Grant plus any fine revenues.

The **Equalization Grant** is a grant which is intended to assist in addressing, in part, the disparities that exist in terms of the financial capability of various municipalities to provide municipal services. Table 6 below indicates the various amounts which were received by the 7 municipalities in Three Rivers under both the Municipal Support Grant and the Equalization Grant in 2014.

**Table 6**  
**Three Rivers Current Provincial Transfers (2014)**

	<u>Municipal Support Grant</u>	<u>Equalization Grant</u>	<u>Population</u>
Town of Montague	213,597.38	296,466.79	1895
Town of Georgetown	94,600.42	213,840.70	675
Community of Cardigan	0	32,318.45	332
Community of Brudenell	0	0	420
Community of Lower Montague	0	0	700
Community of Lorne Valley	0	4,095.55	106
Community of Valleyfield	0	0	648
	308,197.78	546,721.49	4776

The Equalization Grant was originally based on a clear formula. This formula has not been applied since 2007/2008. Since that time according to officials in the Department of Finance and Municipal Affairs, "the amount has been a percentage increase or decrease of the previous year depending on the financial position of the Province". This has made annual projections extremely difficult.

Since Three Rivers would essentially be a "new" municipality, we need to at least look at the original formula to get some idea of how the new municipality might be treated under this program. Here is the original funding formula:

**Equalization Formula: Municipality's population x (average PEI municipal assessment per capita – municipal assessment per capita) x municipality's non-commercial tax rate.**

It is clear that municipalities with a higher population, a lower per capita assessment and a high residential tax rate will perform best under this formula. Looking at these factors for the Town of Georgetown, it is apparent why the Town fared reasonably well under this grant program. For the combined 7 Three Rivers municipalities the total revenue under this grant was \$546,721 in 2014.

There is a very major concern for the new Three Rivers municipality if the above formula is applied precisely to the new municipality. As noted earlier, the unserved and unincorporated areas of the Study Area have significantly higher per capita assessment rates. In any scenario, it is certain that the average tax rates across the region will be dramatically lower than the current rates in Montague and Georgetown. Even though the total population will be higher, we project that a straight application of this formula could result in close to \$500,000 less annual revenue to the new Regional Municipality. This would effectively undermine or (negate) most, if not all, of the gains that would have been achieved through amalgamation and annexation.

The underlying rationale for the formula is obviously that wealthier municipalities with relatively low tax rates should not require any subsidy in order to "equalize" their financial position with other Island municipalities. The formula, however, could not have foreseen a unique regional municipality like Three Rivers. The ability of tax payers in Montague and Georgetown to pay for local services will not significantly improve simply because of amalgamation/annexation. The only way that could happen is if the rural tax payers significantly subsidized the tax rates of these two serviced municipalities. Based on a literal application of the above formula, in order to maintain the current tax position in these two towns the rural area would have to be paying an additional \$500,000 to make up for the loss of equalization. This situation would contradict our original assumption, that rural tax payers should not be required to subsidize the local services provided in the serviced core communities.

Since no municipalities in Prince Edward Island currently have a tiered tax rate system, it is our recommendation that the "serviced" and "unserved" areas of Three Rivers be treated independently under the Equalization Grant program. If this approach is fed into the above formula, the resulting funding is very close to the current levels.

The consultants raised this matter directly with officials at the Department of Finance and Municipal Affairs and we sought a written commitment that amalgamation/annexation in the Three Rivers Area would not result in any decrease to the current Equalization Grants being received by the Area. We had some very positive discussions and the problem appeared to be well understood by the Department. Unfortunately no written commitment could be obtained as to how the formula may or may not be applied. With the pending Provincial election, this matter is not likely to be dealt with immediately. Since the request to maintain the current Equalization Grants is “revenue neutral” to the Province, we are hopeful that the Province’s strong support for the amalgamation process across PEI will encourage them to support our request. This matter must clearly be resolved, however, prior to any decision to move forward.

The other Provincial municipal grant programs are the Island Communities Fund and the Provincial Infrastructure Fund. The Island Communities Fund is slated to end in 2013/14 but it has been an extremely popular program and it will be interesting to see if any commitments are made to an extension during the upcoming election. The program provided grants up to \$75,000 for projects totalling up to \$150,000.

The Provincial Infrastructure Fund is intended to support investments in “modern infrastructure that encourages sustainability”. Under the current program the largest 4 municipalities in terms of HST expenditures received a direct allocation which was allocated based on project applications. A new Three Rivers Municipality would certainly be well positioned to request a direct allocation under this program or at least to apply for funds from the unallocated reserve.

## 6.2.4 Operating Budget

The most often asked questions by many Councillors were related to the potential tax rates which might result from a new regional government. This is also likely to be the first question asked by all property owners in the Study Area. In order to project potential tax rates with any degree of confidence we needed to prepare a projected Operating Budget for the new Regional Municipality. To do this we sat down with the current consolidated 2014 Three Rivers Municipal Budget and reviewed all basic budget elements with the CAO’s from Georgetown and Montague. The Projected Budget is included in Appendix 2.

Budgets are always based on a number of assumptions, and a projected budget for an as yet to be incorporated regional municipality will obviously have to be based on a very broad set of assumptions. For the following budget we have attempted to be conservative in all our projections. It is our expectation, for example, that some real economies of scale may be achieved through amalgamating the 7 present administrative units. Some of the savings will be offset, however, by the extra cost of providing services to a larger population and a larger geographic region. In most instances, therefore, we have maintained current expenditures at their present levels.

It will obviously be up to the new Council and the residents of Three Rivers to decide which additional services are desirable (or affordable) for the new Regional Municipality. In order to help inform these

decisions, however, we have added expenses to cover the key services identified in this report, ie. a new Regional Community Police Force, a new Recreation Director and a cost-shared Development Officer.

Since much of the current workload of the Provincial Development Officer in the Access PEI office will be assumed by the new municipality, we feel it may be appropriate to consider cost-sharing one person between the two positions. The former Capacity Building fund also provided funding support to subsidize the hiring of a full-time Development Officer. There is still potential that similar funding could be in place in the future. In terms of net costs, there is also considerable offsetting revenue from subdivision and building permit fees to cover some of the cost of this position.

We have assumed that the current total consolidated revenues of \$2,600,000 will be sustainable in the new budget. This obviously includes the \$546,721 transfer from the Equalization Grant. Any reduction in this transfer would have to be made up via increased taxes or reduced expenditures. As noted earlier, this matter must be resolved at the earliest possible date and any impacts factored into the projected budget.

While the significant increase in the Gas Tax transfer will certainly improve the municipality's position in terms of capital expenditures, it is also true that many capital expenditures can create long term operational savings. We have not, however, assumed any operational savings in our projections.

The total cost of policing in the current consolidated budget is \$116,500 (from Montague). This cost is offset substantially on the revenue side of the ledger by the Municipal Services Grant. As noted earlier, it is our expectation that a substantially increased level of policing (similar to Cornwall at \$500,000 per year) would produce no net increase in the operating budget, provided that Three Rivers receives equitable funding support from the Province. To be conservative we have added \$170,000 as a net increase in the police operating budget. Our hope would be that this figure ends up being a surplus and the balance can be applied to other expenditures or to reduce tax rates.

Economic Development is already somewhat addressed in the current consolidated budget via the Economic Development Officer/Events Coordinator position in Montague. It is expected that the Development Officer can also provide an important support role. This function is expected to grow over time, however, and any surplus funds should potentially be allocated to expand the capacity of this office.

Even with a relatively conservative approach in terms of projected savings and the addition of a number of strategic new services, the projected budget is just \$139,000 above the current consolidated budget total of \$2,601,966. In the following section we will provide a tax rate scenario that would illustrate how we would propose to address this additional annual expense.

It is important to understand that our projected budget will not be the final budget for the Three Rivers Regional municipality. It is simply a realistic pro forma budget that should provide a useful benchmark against which to measure various decisions on program expenditures. The projected budget does appear to indicate that a range of additional services that are important to all residents in the new municipality are reasonably within reach with a relatively minor increase in expenditures.

## 6.2.5 Tax Rates

The following spread sheet was prepared in order to enable the current Councils and others to input various tax rate scenarios. There are currently 16 different tax rate variables, including residential and commercial rates in each of the 7 municipalities plus the unincorporated areas. We have presented one possible option which appears to represent a reasonably equitable approach to balancing the tax burden in the new municipality. It will obviously be up to the new Regional Council to decide on the final rates but, hopefully, this scenario will provide a useful basis for discussion between the existing Councils and the public.

At the outset, we have assumed that a tiered tax rate system is mandatory. At present, there are not only major differences between the current “served” and “unserved” rates in three Rivers, there are also major differences within these two categories. We assume that within a single integrated regional municipality, tax rates should reflect the level of services being provided and also that those receiving a similar level of service should be paying similar tax rates.

Starting from the top of the spread sheet, we can see that the Town of Montague currently has a residential tax rate of 72 cents per \$100 of assessment and a commercial rate of 90 cents. Considering the relatively high level of services in Montague, this is a relatively competitive residential rate and also a very competitive commercial rate. This certainly appears to reflect a very competent level of management by Montague’s Council and Administration, particularly considering the wide range of regional services funded by the Town which were highlighted earlier in this report. While it would certainly appear appropriate if a portion of the cost of these regional services were more equitably spread across the region, even a small tax rate reduction for Montague’s residents would be a positive gesture. Montague’s current commercial rates are very competitive and should remain as is. In our scenario the Montague residential rate has been reduced by 2 cents to 70 cents per \$100. Certainly a new regional Council could consider a greater reduction, but this rate is certainly competitive. Further reductions should ideally be funded out of the proceeds of new economic growth in the region.

The next community is the Town of Georgetown. This municipality is providing a moderate level of services but it also has by far the lowest per capita assessments in the region. It is clear that residents in Georgetown are getting a somewhat lower level of services than those in Montague but they are paying much higher tax rates. In a single regional municipality it certainly appears appropriate that Georgetown’s residential rates should not be any higher than Montague’s. We have, accordingly, proposed lowering Georgetown’s residential rate from 85 cents to 70 cents. Given the relatively low total assessment in Georgetown this change does not have a major effect on the regional bottom line.

Even more profound is Georgetown’s commercial tax rate. At \$1.70 per \$100 of assessment, this is massively out of step with the taxes being paid by any other businesses in Three Rivers. A single integrated municipality needs to have one serviced commercial tax rate. The businesses in Georgetown are important employment generators for the region and as the region’s only deep water port, it would

be appropriate to ensure that Georgetown is an appealing place to set up business. Our scenario shows the Georgetown commercial tax rate being substantially reduced to match the Montague rate.

Lower Montague, Brudenell, Lorne Valley and Valleyfield have relatively similar levels of municipal services and residential tax rates that range from just under 10 cents in Lower Montague to 15 cents in Lorne Valley. We have suggested that leaving the Lorne Valley rate at 15 cents and bringing the other 3 communities in line would be appropriate given their relatively equal level of services. This would also provide a small additional contribution toward some of the existing regional services in the area.

Given the level of commercial development in Brudenell and Lower Montague we have suggested keeping commercial rates in these 2 municipalities at close to current levels. We did look at a scenario with 30 cent commercial rates in 4 communities, including Lorne Valley and Valleyfield, but there was an expressed concern for possible loss of employment in small rural businesses. It might be possible to consider some sort of phase in for marginally higher commercial rates in rural areas, but that will be a discussion for the new Council. For the purposes of this exercise we have applied a rural commercial rate of 15 cents per \$100, the same as the residential rate.

The Community of Cardigan is somewhat unique. There is a local school and a somewhat higher level of local services, but this is still an unserved community (in terms of piped services) and the existing services do not appear to justify a residential rate of 40 cents. The existing commercial rate does not seem unreasonable given the level of local services. We have suggested that Cardigan's residential rate should be somewhat higher than the rural areas but lower than the fully serviced areas at 30 cents.

That leaves the unincorporated areas in the 3 rural fire districts. The present tax rate (for fire protection only) ranges from 5 cents per \$100 in Kings Royalty to 9 cents in the Cardigan Fire District. As noted earlier in this report, it would appear that the Town of Georgetown is currently subsidizing rural fire protection. The correct rate would appear to be somewhere between 7 cents and 9 cents. This is also reflected in many other fire companies across the province.

We have proposed an across the board rural tax rate of 15 cents (including fire protection). For most property owners in the rural fire districts this will amount to a tax increase of 6 to 8 cents. That equates to an annual cost of \$60 to \$80 per year for each \$100,000 of assessment. In return, the property owners will be receiving land use protection, a regional community police force, stronger recreational programming, access to full time administrative support and a voice in the many regional decisions that affect them.

The most tangible immediate benefit for rural property owners is probably land use protection. As consulting planners, the authors have seen many rural property owners and families devastated by the intrusion of conflicting land uses, only to have to tell them that they have no protection and no right to appeal. If we compare the added costs we are projecting here (perhaps \$180 – or \$15 per month – for a \$200,000 home) to the cost of annual home insurance, the cost seems quite meagre. If your home or business is not currently protected by an Official Plan and land use (zoning) bylaw, your lifetime's investment is most certainly at risk.

Projected Three Rivers Municipal Taxes

Municipality	2013 Residential Assessment	Res. Tax Rate	2013 Comm Assess	Comm. Tax Rate	Current Tax Revenue	Projected Res Tax Rate	Projected Comm Tax Rate	Projected Tax Revenue
Montague	69,065,100	0.72	19,316,200	0.90	671,115	0.70	0.90	657,302
Georgetown	14,758,400	0.85	3,168,000	1.70	179,302	0.70	0.90	131,821
Lower Montague	43,755,300	0.10	2,199,500	0.25	49,254	0.15	0.30	72,231
Brudenell	42,863,800	0.14	6,236,400	0.41	85,579	0.15	0.40	89,241
Cardigan	12,211,197	0.40	1,096,700	0.40	53,232	0.30	0.40	41,020
Lorne Valley	3,974,500	0.15	236,900	0.15	6,317	0.15	0.15	6,317
Valleyfield	33,302,900	0.12	1,717,100	0.15	42,539	0.15	0.15	52,530
<u>Unincorporated</u>								
Montague Fire District	98,728,400	0.07	5,420,400	0.07	72,904	0.15	0.15	156,223
Georgetown Fire Dist	44,728,400	0.05	2,002,700	0.05	23,366	0.15	0.15	70,097
Cardigan Fire District	69,131,700	0.09	7,276,800	0.09	68,768	0.15	0.15	114,613
					\$1,252,375			\$1,391,395

It is apparent that there are a great many other benefits to being part of a strong regional municipality. The bottom line of this spread sheet is that this is one scenario that is able to generate the additional \$139,000 required under our projected budget. It also has addressed many of the current inequities in the regional tax system. We would hope that our budget projections turn out to be high and that increased economic development in the region will be able to fund any future growth in services. Hopefully this proposal will help fuel some very productive discussions across the Region. We expect it will certainly raise a lot of questions.

## 6.2.6 Ward System

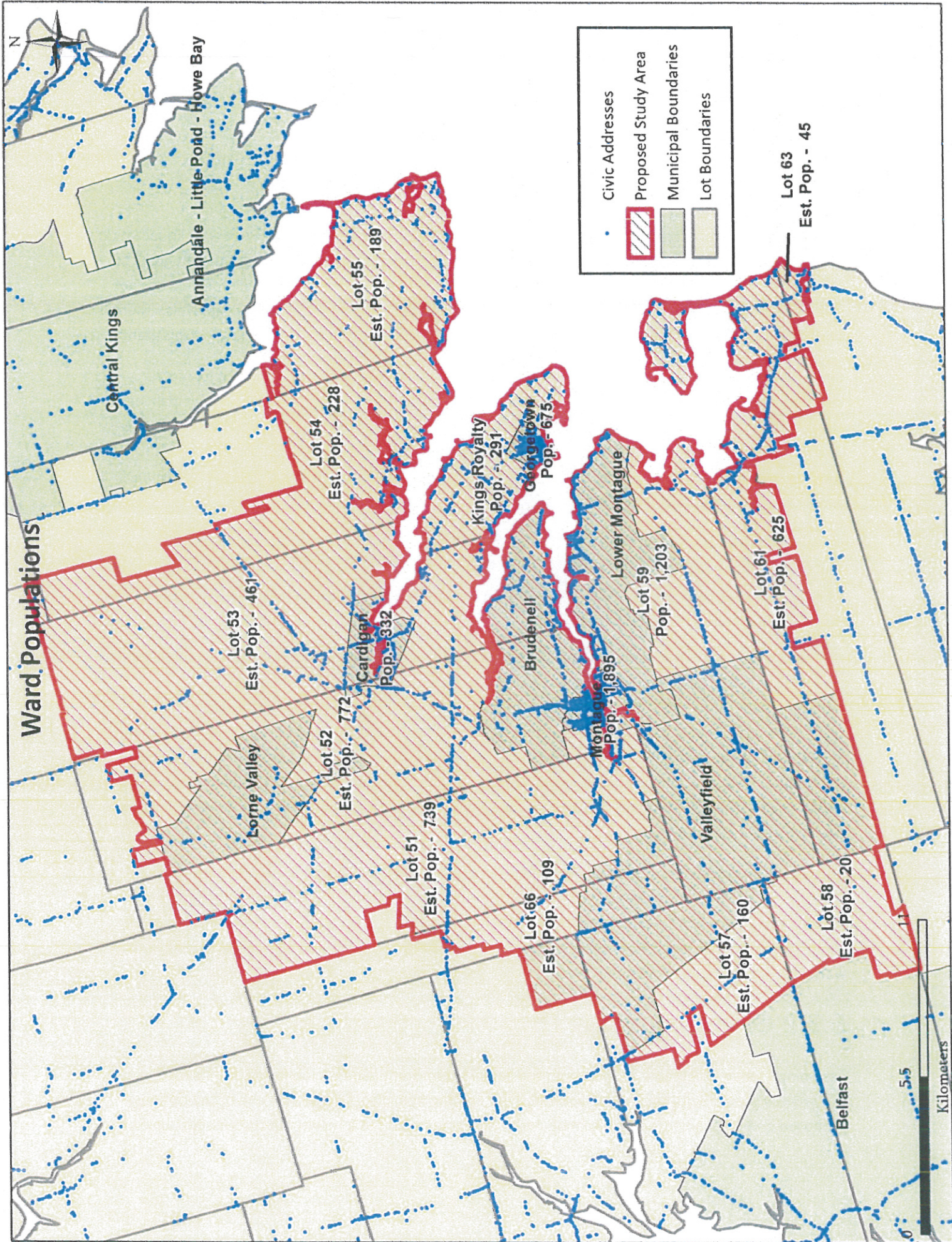
In order to ensure that rural and urban interests are balanced in the new Council we strongly recommend the implementation of a ward system. In such a system the individual Councillors would be elected within a specific geographic area or ward. The Mayor would be elected "at large" or by all voters in the municipality. The current *PEI Municipalities Act* provides for a Council of 6 members plus a Mayor.

We have produced a map indicating the population distribution across Three Rivers. See Map 3. With 6 wards the population per ward should be approximately 1,290 people. In order to create easy to understand ward boundaries, however, we always expect some minor differences between actual ward populations. As the municipality grows it is also appropriate to provide for periodic reviews of ward boundaries to ensure that populations remain somewhat balanced.

From our analysis we have found that 8 wards with populations of 968 is actually a much better fit for Three Rivers. This would perfectly accommodate 2 Councillors in the current Montague area, one in Georgetown/Kings Royalty, 2 to the north of Montague including Cardigan/Lorne Valley, 2 to the south including Lower Montague/Valleyfield and possibly one to the north/northwest including Brudenell/Pooles Corner. Since a new *Municipalities Act* is expected quite soon, it might be worthwhile to request that in the new Act the Minister be given discretion of create Councils with more than 6 Councillors in order to create more optimum ward sizes.

For the sake of comparison, with 7 total politicians (as per the current *Municipalities Act*) Three Rivers would have one politician for every 1,106 people. Stratford has 1 for every 1,225 people and Cornwall has 1 for every 737 people. Currently, with 49 local politicians the 7 existing Three Rivers municipalities have 1 politician for every 97 people.

In our discussions with the 7 current Councils, it was clear that some Councillors were concerned with the dramatic reduction in local representation, and about the ability of one local Councillor to keep abreast of all local developments and issues. Our recommendation was to consider the establishment of volunteer "local advisory groups" which could meet with the local Councillor on a regular basis to advise him or her on local matters. This seemed to get a very positive response and might help to reduce the level of concern about a possible loss of local input.



## 6.3 Implementation

### 6.3.1 Equalization

As noted on several occasions in this report, the current level of support from the Provincial Equalization Grant to the 7 Three Rivers municipalities totals \$546,721 per year. The original base amount going to the various municipalities was based on the formula outlined in this report. While the formula has not been applied directly in recent years, it was the basis for establishing the original funding levels. There is currently a great deal of uncertainty in terms of calculating or predicting the annual level of this grant.

Since Three Rivers is essentially a new municipality we are left to wonder how this grant would be calculated. Our hope would be that the present funding commitment to the current 7 municipalities would remain in place. Since this is a “revenue neutral” decision for the Province, this should be an easy decision to make. When we asked for a written confirmation that the current Equalization Grant funding would remain in place for Three Rivers, the officials at the Department of Finance and Municipal Affairs were not able to comply with our request.

If the old formula is applied to the new municipality, the very much higher assessments in the unincorporated areas and the generally lower average tax rates would result in a dramatic reduction in Equalization funding, perhaps as much as \$500,000. This would make amalgamation/annexation in the region unappealing and essentially illogical.

Our basic argument is that with a multi-tier tax system, the serviced areas should still be highly qualified for Equalization. If by adding in the unserved areas we end up penalizing the new regional municipality by up to \$500,000, the only way to make up for this revenue shortfall is through higher taxes. This would never (and should never) be supported by the residents and property owners of Three Rivers. The senior officials in the Department of Finance and Municipal Affairs certainly recognized our problems and we had a number of very positive discussions. Unfortunately with the upcoming election and the changes in government, this was not an opportune time to get any policy decisions ratified by the Minister or Executive Council.

Prior to taking any further steps toward regional amalgamation/annexation, the Mayors and Council Chairs in Three Rivers must seek a written commitment from the Provincial Government on how Equalization Grants will be calculated for the new municipality. It is possible that such a commitment could be obtained during a Provincial election. It is more likely, however, that this matter will have to wait until the new government is in place.

### 6.3.2 Council Support

Assuming that an acceptable resolution to the Equalization Grant issue can be found, the next step in the process should be to seek the support of the 7 existing municipal Councils for one of the options proposed in this report (or some variation which may come about as a result of further discussions).

The level of municipal support will certainly determine whether full or partial amalgamation/annexation should be pursued. It could also determine that the process should be stopped.

### 6.3.3 Public Engagement

Based on the direction chosen by the 7 municipal Councils, the next step in the process must be a comprehensive public engagement process. The nature and breadth of this process will be determined by the various Councils. It should certainly involve the public release of this report, a series of public meetings and possibly workshops across the region. If there is public support for a regional government initiative, the *PEI Municipalities Act* will also require a separate public process for any proposed annexations and a public hearing at the Island Regulatory and Appeals Commission. The Commission then makes a recommendation to the Provincial Government and the final decision is made by Executive Council.

## **Appendix 1**

TOWN OF CORNWALL			
2014 OPERATING BUDGET			
	2013	2013	2014
March 12, 2014	BUDGET	ACTUAL	BUDGET
		(est)	
REVENUE			
Surplus from Previous Year	97,675	97,675	81,879
Property Taxes	1,435,000	1,422,009	1,489,000
Municipal Support Grant	436,000	430,991	434,200
Equalization Grant	307,000	307,579	310,000
Water and Sewer Utility	44,500	44,500	50,000
Civic Centre Revenue	20,000	21,739	23,000
Ferry Road Centre Revenue	18,000	15,007	
Other Revenue	98,000	83,887	101,000
Parks and Recreation Revenue	<u>266,000</u>	<u>382,183</u>	<u>353,500</u>
TOTAL REVENUE	2,722,175	2,805,570	2,842,579
EXPENDITURES			
ADMINISTRATION	522,575	504,575	523,850
PARKS AND RECREATION	705,500	693,449	757,250
TOWN SERVICES	779,000	818,357	832,750
PUBLIC WORKS	166,500	172,417	191,500
TOTAL - TOWN FACILITIES	160,300	145,589	160,350
PLANNING	151,500	142,586	132,200
PROF. SERVICES & MEMBERSHIPS	105,800	113,276	101,000
DEBT RETIREMENT	<u>131,000</u>	<u>133,442</u>	<u>143,679</u>
TOTAL EXPENDITURES	2,722,175	2,723,691	2,842,579
REVENUE OVER EXPENDITURES	-	81,879	-

[illegible]

TOWN OF CORNWALL			
2014 OPERATING BUDGET			
12-Mar-14	2013	2013	2014
	BUDGET	ACTUAL	BUDGET
		(est)	
EXPENDITURES			
ADMINISTRATION			
Deficit From Previous Year	0	-	
Advertising	5,000	3,687	4,000
Communities 13	11,000	10,465	10,700
Communities 13 Capital Fund	16,500	16,415	16,450
Computers			10,000
Council Honourariums	38,000	37,150	37,700
Donations	10,000	11,139	10,000
Debit Machine Charges	3,500	2,098	2,000
Election	5,500	5,470	7,000
FCM Meetings	16,000	17,119	16,000
Insurance	35,000	31,674	32,500
Interest	165,075	156,258	161,500
Meetings/Events	9,000	9,078	9,000
Miscellaneous	1,500	1,260	1,500
Office Supply and Postage	20,000	20,086	21,000
Salaries & Benefits	156,000	161,778	160,000
Telephone and Fax	20,000	16,742	17,500
Training and Development	6,000	2,916	5,500
Travel	4,500	1,240	1,500
TOTAL ADMINISTRATION	522,575	504,575	523,850
PARKS AND RECREATION			
APM rental	10,000	7,542	7,500
Bad Debt Expense	-	4,579	-
Events	15,000	13,059	14,000
Programs	30,000	25,667	34,000
Parks equipment maintenance	39,000	27,191	30,000
Parks property maintenance	25,000	15,051	20,000
Pool	9,500	5,439	13,250
Program Support	4,000	2,350	4,000
Salaries & Benefits	530,000	566,669	600,000
Training and development	6,500	4,398	6,000
Tools and Supplies	5,500	2,888	4,000
Vehicles	31,000	18,616	24,500
TOTAL PARKS AND RECREATION	705,500	693,449	757,250

TOWN OF CORNWALL			
2014 OPERATING BUDGET			
12-Mar-14	2013	2013	2014
	BUDGET	ACTUAL	BUDGET
		(est)	
TOWN SERVICES			
Animal Control	10,000	9,778	10,500
Fire dues	195,000	195,098	203,500
Policing Services	425,000	463,634	495,000
Street Lights	74,000	73,404	78,750
Transit	75,000	76,443	40,000
Watershed			5,000
TOTAL - TOWN SERVICES	779,000	818,357	832,750
PUBLIC WORKS			
Maintenance and Repair	11,500	13,852	15,000
Salaries & Benefits	122,000	122,881	133,500
Sidewalk Maintenance	16,000	18,069	24,000
Tools and Supplies	3,000	4,633	5,000
Vehicles	14,000	12,982	14,000
TOTAL PUBLIC WORKS	166,500	172,417	191,500
TOWN FACILITIES			
Civic Centre	33,000	35,768	39,500
Maintenance Building	19,500	21,397	22,500
Terry Fox Clubhouse	25,000	23,383	25,300
Terry Fox Turffields	14,500	11,810	17,500
Town Hall	68,000	52,917	55,500
York Point Community Centre	300	314	50
TOTAL - TOWN FACILITIES	160,300	145,589	160,350

TOWN OF CORNWALL			
2014 OPERATING BUDGET			
12-Mar-14	2013	2013	2014
	BUDGET	ACTUAL	BUDGET
		(est)	
PLANNING			
Emergency Measures Plan	500	500	700
Conferences and Membership	2,500	706	2,500
GIS	9,000	7,093	3,500
Salaries & Benefits	112,000	119,588	117,000
Training and Development	7,500	1,933	6,500
Official Plan Review	20,000	11,226	
Travel		1,540	2,000
TOTAL PLANNING	151,500	142,586	132,200
PROFESSIONAL SERVICES AND MEMBERSHIPS			
Audit/ Accounting	11,000	5,498	8,000
FPEIM/FCM	10,800	10,837	11,000
Information Technology	9,000	5,450	7,000
Legal	40,000	50,079	40,000
Other	35,000	41,412	35,000
TOTAL PROFESSIONAL FEES	105,800	113,276	101,000
TOTAL EXPENDITURES	2,591,175	2,590,249	2,698,900
SURPLUS BEFORE DEBT RETIREMENT	131,000	215,321	143,679
DEBT RETIREMENT	131,000	133,442	143,679
REVENUE OVER EXPENDITURES	-	81,879	-

## Appendix 2

**Projected Operating Expenses Three Rivers Municipality 2015**

**Administration**

Staff	292,160
Office Expenses	35,000
Audit/Accounting	25,000
Advertising	20,000
Consulting Fees	10,000
Insurance	77,000
Council Expenses	55,000
Legal	20,000
Bylaw Enforcement	25,000
Animal Control	(in Bylaw Enforcement)
Fees	10,500
Bank Charges	8,000
Interest	45,000
Phone	8,500

**Maintenance**

Town Hall (s)	50,000
Other	550,000
(including street maintenance, buildings, sidewalks, parks, etc.)	

**Policing** 250,806

**Recreation/Culture** 400,000

**Other Expenses (Black Fly)** 96,000

**Wellness Centre (capital)** 16,000

**Depreciation** 365,000

**Fire Protection** 232,000

**Economic Development** 150,000

**Total Expenses** **2,740,966**

**Administrative Staffing**

CAO	75,000
CFO	60,000
Econ Dev/Events	55,000
Assistant/Support	45,000
Reception	28,000
Rec Director	50,000
Dev Control Officer	30,000

(Half Time)

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Total	343,000
Benefits @ 6%	20,580
Less Sewer and Water	71,420

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Total	292,160
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# **Information Prepared for Three Rivers Steering Committee**

Prepared by **MRSB Consulting Services**

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**MUNICIPALITY OF THREE RIVERS  
PROJECTED FINANCIAL INFORMATION  
FOR THE YEARS TO END ONE THROUGH FIVE  
(Unaudited - See Notice to Reader)**

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## NOTICE TO READER

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We have compiled a financial projection for Municipality of Three Rivers consisting of Projected Statements of Operations prepared on a cashflow basis for the years ending one to five using assumptions, including the hypotheses set out in Note 2, with an effective date of August 15, 2017 and other information provided by the Three Rivers Steering Committee. Our engagement was performed in accordance with the applicable guidance on compilation of a financial projection set out in the CPA Handbook-Assurance.

A compilation is limited to presenting, in the form of a financial projection, information provided by management and does not include evaluating the support for the assumptions including the hypotheses or other information underlying the projection. Accordingly, we do not express an opinion or any other form of assurance on the financial projection or assumptions including the hypotheses. Further, since this financial projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypotheses occur, and the variations may be material. We have no responsibility to update this communication for events and circumstances occurring after the date of this communication. This projected financial information is intended solely for the purpose of concluding negotiations with the Province of PEI.

*MRSB Chartered Professional Accountants*

CHARLOTTETOWN, P.E.I., CANADA  
AUGUST 15, 2017

**MUNICIPALITY OF THREE RIVERS**  
**PROJECTED STATEMENTS OF OPERATIONS**  
**PREPARED ON A CASHFLOW BASIS**  
**FOR THE YEARS TO END ONE TO FIVE**  
**(Unaudited – See Notice to Reader)**

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>Revenue</b>					
Property taxes - Note 4(a)	\$ 1,081,300	\$ 1,098,500	\$ 1,116,100	\$ 1,134,000	\$ 1,152,200
Revenue sharing - Province of PEI - Note 4(b)	781,200	782,400	793,000	799,500	799,500
King's Playhouse, Cavendish Farms Wellness Centre, Montague Waterfront Development Corporation - Note 4(l)	362,900	366,500	370,100	373,800	377,600
Other revenue - Note 4(c)	148,700	151,800	154,900	158,000	161,200
Government transfers - Note 4(d)	85,600	85,600	85,600	85,600	85,600
Province of PEI transition funding - Note 4(e)					
-Transitional funding to establish new municipality	586,700	166,700	66,700	-	-
-Long-term sustainability funding	200,000	200,000	200,000	200,000	200,000
	<u>3,246,400</u>	<u>2,851,500</u>	<u>2,786,400</u>	<u>2,750,900</u>	<u>2,776,100</u>
<b>Expenditures</b>					
Administration - Note 4(f)	578,700	612,800	604,900	615,500	604,800
Economic development - Note 4(g)	102,500	105,600	108,800	112,000	115,400
Planning and bylaw enforcement- Note 4(h)	114,300	116,500	117,300	118,100	118,900
Policing - Note 4(i)	130,000	130,000	130,000	130,000	130,000
Streets, street lights, sidewalks - Note 4(j)	358,700	364,900	371,200	377,900	384,600
Facilities and public property - Note 4(k)	150,200	153,200	156,300	159,400	162,500
Recreation and cultural services - Note 4(l)	727,700	741,000	754,400	768,800	784,300
Other municipal services - Note 4(m)	68,200	69,500	70,900	72,300	73,800
Transition expenditures - Note 4(e)					
- Establishment of new municipality	586,700	166,700	66,700	-	-
- Long-term sustainability	200,000	200,000	200,000	200,000	200,000
	<u>3,017,000</u>	<u>2,660,200</u>	<u>2,580,500</u>	<u>2,554,000</u>	<u>2,574,300</u>
<b>Net Revenue (Expenditures) before principal repayment of debt</b>	<b>229,400</b>	<b>191,300</b>	<b>205,900</b>	<b>196,900</b>	<b>201,800</b>
Principal portion of debt repayment - Note 4(n)	<u>74,300</u>	<u>66,100</u>	<u>67,300</u>	<u>22,100</u>	<u>22,000</u>
<b>Net Revenue (Expenditures) after principal repayment of debt</b>	<b>155,100</b>	<b>125,200</b>	<b>138,600</b>	<b>174,800</b>	<b>179,800</b>
<b>Accumulated Surplus - Beginning of Year</b>	<u>-</u>	<u>155,100</u>	<u>280,300</u>	<u>418,900</u>	<u>593,700</u>
<b>Accumulated Surplus - End of Year</b>	<u><b>\$ 155,100</b></u>	<u><b>\$ 280,300</b></u>	<u><b>\$ 418,900</b></u>	<u><b>\$ 593,700</b></u>	<u><b>\$ 773,500</b></u>

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## **1. Basis of Preparation**

The Municipality of Three Rivers will be incorporated under the Municipalities Act of Prince Edward Island. The Municipality is a non-profit organization under the Income Tax Act.

This projected financial information has been prepared for the purpose of amalgamation discussions. The projected financial information has been prepared as of August 15, 2017 using the hypotheses detailed in Note 2 together with assumptions that are based on the Three Rivers Steering Committee's judgment as to the most probable set of economic conditions as well as the entity's planned courses of action for the period covered. Projected financial information is shown on a cash flow basis reflecting the repayment of principal and excluding amortization. Projected financial information includes property tax rates and other significant assumptions provided by the Three Rivers Steering Committee. These rates and other assumptions may change.

In view of uncertainties inherent in predicting future conditions and actions, actual results achieved for the period will vary from the information presented and the variations may be material.

## **2. Hypotheses**

The projection is based on the following hypotheses:

- It is assumed that existing non-financial assets of each of the incorporated municipalities forming the new Municipality of Three Rivers will be transferred to the new entity at net book value based on audited statements for each former municipality on the date of closing. Schedule I is included for illustrative purposes.
- It is assumed that existing long-term debt of each of the incorporated municipalities forming the new Municipality of Three Rivers will be transferred to the new entity. It is assumed the outstanding balance will be based on audited statements for each former municipality on the date of closing. Schedule II is included for illustrative purposes.
- It is assumed that upon amalgamation a closing statement of financial position will be prepared for each currently incorporated municipality to determine the net financial assets (financial assets less liabilities). It is further assumed that existing net financial assets will be placed in a restricted fund to be used solely for the benefit of that particular community for general purposes, fire services or water and sewer. The amount may vary significantly by community. The purpose of this note is not to provide exact values but to demonstrate that there will be cash set aside for use of each community.
- Water and sewer services are part of the current Town of Montague entity and sewer services are part of the current Town of Georgetown entity, however water and sewer components of these municipalities operate on a user pay system. Capital assets, long-term debt, revenue and expenditures related to water and sewer are excluded from these projections.
- The Cardigan Fire Department is part of the current Village of Cardigan entity and the Georgetown Fire Department is part of the current Town of Georgetown entity, however both of these fire departments serve a larger region than that of the municipality and fire dues are charged to all residents of incorporated and unincorporated areas who fall within the fire department area to cover costs related to operations such as insurance, interest, repairs and maintenance, telephone, honorariums, training, travel, vehicle, etc. The Montague Fire Department is a separate entity operated outside of the Town of Montague municipal entity. Capital assets, long-term debt, revenue and expenditures related to fire services are excluded from these projections.

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**2. Hypotheses (continued)**

- For policing services, it is assumed that the Municipality of Three Rivers would negotiate with the Province of PEI to continue under the Provincial Agreement and continue an Extended Service Agreement for the current Town of Montague area for one additional officer. Revenue related to fines issued have not been included in the projected financial information.
- It is assumed that a long-term agreement with the Province of PEI will be established in regards to those points detailed in Note 3.

**3. Summary of Key Components of Long-Term Agreement with the Province of PEI**

- An October 2015 letter from the Province of PEI to the Mayors and Community Chairs of the Three Rivers area commits that the prospective new municipal entity will be provided with at least the equivalent provincial funding (grants and equalization) that the seven partnering municipalities received individually prior to restructuring.
- That transitional funding of \$820,000 will be provided by the Province of PEI over the first three years of amalgamation to assist with the establishment of the new municipality. Funds intended to contribute towards development of an official plan, bylaw and policy development, accounting, audit and legal fees related to establishing the new entity, development of economic development strategy, recreational plan, conducting an assessment of existing infrastructure, and repairs and maintenance to Administrative facilities to meet new standards.
- That transitional funding of \$200,000 per year for the initial five years to be used at the discretion of the new municipality to ensure long-term sustainability. Exact terms and conditions related to eligible expenditures to be negotiated with the Province of PEI.
- That the gas tax allocation be calculated based on the formula for incorporated municipalities who provide sewer or water to their residents. It is assumed that upon amalgamation of the communities in the Three Rivers area, the newly incorporated municipality will qualify to access gas tax under the direct allocation component at a rate of \$95.24 per resident, estimated at a total of \$731,400, based on the current agreement which expires March 31, 2018. It is assumed that under any new agreement the Municipality of Three Rivers will be treated equitably with other communities that provide sewer and/or water to residents. It is understood that funding received under the Gas Tax Fund must be used for eligible infrastructure and capacity building projects as outlined in the Gas Tax Agreement and must be submitted for approval in a Capital Investment Plan which details planned expenditures. It is assumed that projects will proceed based on their own merit based on new council approval and compliance with eligibility criteria and that a portion of the funding will be allocated for water and sewer projects which may not provide benefit to all residents of the new municipality.
- The points noted above have not been formally agreed to by the Province of PEI as the Province has indicated that a decision will not be made on contribution amounts until financial projections for the new municipality are reviewed.

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**4. Summary of Significant Assumptions**

**a) Property taxes**

Property tax revenue is a function of both the property assessed value and the property tax rate (commercial and non-commercial). Assessment values used for these financial projections are based on information provided by the Property Taxation Division of the Province of PEI for all incorporated and unincorporated areas as at December 2016. The Province cautioned that the data was not checked for accuracy and that errors might exist, including properties being included or excluded erroneously which may affect the assessment values at various level of aggregation. Assessment values are increased each year for owner-occupied residential properties by the change in All Items PEI Consumer Price Index, from the previous years. Assessment values for owner-occupied residential properties may also increase as a result of improvements and total assessed values may increase as a result of new construction. For all property other than owner-occupied residential property, the taxable value assessment is the market value assessment. For purposes of this projected financial information all assessed values are projected to increase by 1.6% per year based on the 10 Year average historical change in the All Items PEI Consumer Price Index. Due to the difficulty in predicting market value changes in existing properties and estimating new construction, only the 1.6% increase is applied to existing assessment values and assessment value of potential new construction has not been included.

It is worth noting that total assessed values may increase at a rate faster than has been the case historically as there are many commercial and residential construction projects currently in progress or planned for the next two to three years in the Three Rivers region. For this reason, the projected growth in assessed values and related tax revenue appears to be quite conservative.

The property tax rates used in this projection were developed after much discussion and analysis by the Three Rivers Steering Committee.

Area	December 31, 2016		Tax Rates	
	<u>Assessment Values</u>			
	<u>Non-commercial</u>	<u>Commercial</u>	<u>Non-commercial</u>	<u>Commercial</u>
Community of Brudenell	\$ 48,710,100	\$ 6,784,900	0.09	0.38
Village of Cardigan	13,234,154	1,321,000	0.26	0.38
Town of Georgetown	15,514,700	3,004,400	0.67	0.90
Community of Lorne Valley	3,599,900	266,800	0.09	0.38
Lower Montague Community Council	47,889,700	2,070,000	0.09	0.38
The Town of Montague	71,022,900	19,974,500	0.53	0.90
Community of Valleyfield	38,270,100	1,793,100	0.09	0.38
Cardigan fire district - unincorporated	75,210,100	7,565,200	0.05	0.38
Georgetown fire district - unincorporated	46,614,300	2,006,200	0.05	0.38
Montague fire district - unincorporated	104,745,200	5,770,000	0.05	0.38
	<u>\$ 464,811,154</u>	<u>\$ 50,556,100</u>		

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**4. Summary of Significant Assumptions (continued)**

**a) Property taxes (continued)**

Based on these property assessment values and assumed property tax rates, annual property tax is projected as follows:

Area	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Community of Brudenell	\$ 70,700	\$ 71,800	\$ 72,900	\$ 74,100	\$ 75,300
Village of Cardigan	40,100	40,700	41,400	42,100	42,800
Town of Georgetown	133,100	135,200	137,400	139,600	141,800
Community of Lorne Valley	4,300	4,400	4,500	4,600	4,700
Lower Montague Community Council	51,800	52,600	53,400	54,300	55,200
The Town of Montague	565,100	574,100	583,300	592,600	602,100
Community of Valleyfield	41,900	42,600	43,300	44,000	44,700
Cardigan fire district - unincorporated	67,400	68,500	69,600	70,700	71,800
Georgetown fire district - unincorporated	31,400	31,900	32,400	32,900	33,400
Montague fire district - unincorporated	75,500	76,700	77,900	79,100	80,400
	<u>\$ 1,081,300</u>	<u>\$ 1,098,500</u>	<u>\$ 1,116,100</u>	<u>\$ 1,134,000</u>	<u>\$ 1,152,200</u>

**b) Revenue sharing – Province of PEI**

An October 2015 letter from the Province of PEI to the Mayors and Community Chairs of the current incorporated municipalities in the Three Rivers area commits that the prospective new municipal entity will be provided with at least the equivalent provincial funding (grants and equalization) that the seven partnering municipalities received individually prior to restructuring.

The current revenue sharing framework with the Province consists of a Municipal Support Grant and an Equalization Grant. The minimum revenue sharing from the Province of PEI has been calculated using this framework.

*Municipal Support Grant*

The Municipal Support Grant was meant to cover streets and policing however the original formula based approach has been more arbitrary in recent years. Currently both the Towns of Georgetown and Montague maintain streets, however effective November 2016 the Town of Montague turned their streets over to the Province of PEI for maintenance.

*Equalization Grant*

The Equalization Grant provides funds to municipalities to offer basic services. It is given to municipalities that are not able to collect the same amount of tax revenue as other municipalities due to low assessment values or low population. The grant amount was originally formula based and calculated by subtracting per capita assessment value for the municipality from the per capita assessment value for the entire province using the non-commercial tax assessment value from the previous year and the population figures from the most recent census. This amount was then multiplied by the population of the municipality and then by the non-commercial municipal tax rate. This overall number was then divided by 100 to arrive at the amount of the grant. In 2013 Equalization was frozen and since that point in time the grant has increased by approximately 1% per year.

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**4. Summary of Significant Assumptions (continued)**

**b) Revenue sharing – Province of PEI (continued)**

The information shown below is based on the 2016/17 Municipal Funding Report produced by the Departments of Finance and of Communities, Land and Environment with the Municipal Support Grant adjusted for the removal of the streets component for The Town of Montague. Effective November 2016, the Town of Montague turned their streets over to the Province of PEI for maintenance.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Municipal support grants</i>					
Town of Georgetown	\$ 95,500	\$ 95,500	\$ 95,500	\$ 95,500	\$ 95,500
The Town of Montague	97,000	97,000	97,000	97,000	97,000
	<u>192,500</u>	<u>192,500</u>	<u>192,500</u>	<u>192,500</u>	<u>192,500</u>
<i>Equalization</i>					
Village of Cardigan	32,600	32,600	32,600	32,600	32,600
Town of Georgetown	216,000	216,000	216,000	216,000	216,000
Community of Lorne Valley	4,100	4,100	4,100	4,100	4,100
The Town of Montague	299,400	299,400	299,400	299,400	299,400
Community of Valleyfield	11,700	11,700	11,700	11,700	11,700
	<u>563,800</u>	<u>563,800</u>	<u>563,800</u>	<u>563,800</u>	<u>563,800</u>
	<u><b>\$ 756,300</b></u>	<u><b>\$ 756,300</b></u>	<u><b>\$ 756,300</b></u>	<u><b>\$ 756,300</b></u>	<u><b>\$ 756,300</b></u>

To be conservative, an annual increase has not been applied to 2016/17 revenue sharing amount; however, as a point of negotiation, the Three Rivers Steering Committee would consider negotiating with the Province of PEI for an annual increase equivalent to the change in All Items PEI Consumer Price Index.

**Comparison to a Proposed Revenue Sharing Model the Province of PEI is Currently Exploring**

The Province of PEI has been exploring a new revenue sharing model with communities. As of the date of preparation of this projected financial information the revenue sharing model has not been finalized. For comparison purposes the revenue sharing under the proposed model is presented. Based on information provided by the Department of Communities, Land and Environment the model proposed by municipal representatives on the Revenue Sharing Committee is being considered as the accepted model. The model proposed by the municipal representatives on the Revenue Sharing Committee consists of a rebate of the provincial portion of the HST on actual municipal capital purchases, a tax transfer system with four components which would be scaled in over a period of four years and equalization calculated net of farm assessments. It is based on the principal that no municipality will receive less revenue than it currently receives. The four components of the proposed municipal tax transfer are:

*i. Police Credit*

A police credit with one tier for the three municipalities that have their own police force and one tier for the municipalities that have direct or extended RCMP contracts. The credit for municipalities that have direct or extended RCMP contracts is equivalent to \$0.075 per \$100 of non-commercial property tax assessment value in year 1 increasing to \$0.079 by year 4.

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**4. Summary of Significant Assumptions (continued)**

**b) Revenue sharing – Province of PEI (continued)**

For purposes of estimating the police credit for the Three Rivers area it is assumed that the Municipality of Three Rivers would negotiate with the Province of PEI to continue under the Provincial Agreement with an Extended Service Agreement for the area of the current Town of Montague for one additional officer.

*ii. Streets Credit*

A streets credit for the municipalities that own and maintain their own streets with one tier for cities and one tier for the remaining municipalities that maintain their own streets. The credit for municipalities that maintain their own streets is \$0.183 per \$100 of non-commercial property tax assessment value in year 1 increasing to \$0.193 by year 4.

*iii. Development Credit*

A development credit for the municipalities that provide land use planning and development control and building inspection as one tier and the municipalities that provide land use planning and development control only as another tier. The credit for municipalities that provide land use planning and development control is \$0.011 per \$100 of non-commercial property tax assessment value in year 1 increasing to \$0.012 by year 4.

*iv. Base Credit*

A base credit, set at 40% of the cost of providing local and regional facilities and programs, with one tier for the cities to recognize their higher costs and more regional approach, and one tier for the remaining municipalities. The credit for the remaining municipalities is \$0.043 per \$100 of non-commercial property tax assessment value in year 1 increasing to \$0.045 by year 4.

The equalization component provides funds to municipalities to offer basic services. It is given to municipalities that are not able to collect the same amount of tax revenue as other municipalities due to low assessment values or low population. Under the revenue sharing model proposed by municipal representatives on the Revenue Sharing Committee the equalization component is based on assessment values net of farm assessments. Using the 2016 census data the average municipal per capita tax base calculated by the Department of Communities, Land and Environment was \$71,085. The Equalization estimate is based on:

- the 2016 population estimate of 7,458,
- an assessment value net of farm assessments of \$490,384,497,
- an average non-commercial tax rate of \$0.230 per \$100 of assessed value and
- a tax credit rate of \$0.072 per \$100 of assessed value.

Using this information, a municipal per capita tax base of \$65,753 is calculated for the Municipality of Three Rivers. The difference between the average per capita tax base and the municipal per capita tax base multiplied by the population provides an estimate of \$120,100 in equalization.

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**4. Summary of Significant Assumptions (continued)**

**b) Revenue sharing – Province of PEI (continued)**

Schedule of Proposed Revenue Sharing for the Municipality of Three Rivers							
	Non-commercial Assessment	Tax Credit Rate Range	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Tax Transfer							
i. Police credit	71,022,900	\$0.075 - \$0.079	\$ 53,300	\$ 54,000	\$ 54,700	\$ 56,100	\$ 56,100
ii. Streets credit - Georgetown	15,514,700	\$0.183 - \$0.193	28,400	28,900	29,500	29,900	29,900
iii. Development credit	464,811,154	\$0.011 - \$0.012	51,100	51,100	55,800	55,800	55,800
iv. Base credit	464,811,154	\$0.043 - \$0.045	199,900	199,900	204,500	209,200	209,200
Equalization			120,100	120,100	120,100	120,100	120,100
			<u>\$ 452,800</u>	<u>\$ 454,000</u>	<u>\$ 464,600</u>	<u>\$ 471,100</u>	<u>\$ 471,100</u>

The Steering Committee is recommending an alternative approach to calculating equalization for the Municipality of Three Rivers as they believe the varied non-commercial tax rates proposed throughout the Municipality provide rationale for this revised approach.

The equalization amount being proposed by the Steering Committee is based on the following assumptions:

- the 2016 population estimate of 7,458,
- an assessment value net of farm assessments of \$490,384,497,
- individual non-commercial tax rate including fire dues per \$100 assessed value for each community versus an average rate,
- calculation of a municipal per capita tax base for each community versus the municipality as a whole,
- a tax credit rate of \$0.072 per \$100 of assessed value.

The detailed calculation of equalization is shown below and on the following page:

	Population based on 2016 Census (provided by Department of Community, Land and Environment)	December 2016 municipal assessment (non-farm taxable)	Proposed non-commercial rates	Fire dues	Estimated tax revenue
Community of Brudenell	371	\$ 54,095,100	0.09	0.070	\$ 86,552
Village of Cardigan	269	13,883,500	0.26	0.100	49,981
Town of Georgetown	555	18,519,100	0.67	0.065	136,115
Community of Lorne Valley	95	2,791,200	0.09	0.100	5,303
Lower Montague Community Council	598	48,407,500	0.09	0.070	77,452
The Town of Montague	1,961	90,866,100	0.53	0.070	545,197
Community of Valleyfield	670	34,511,700	0.09	0.070	55,219
Cardigan fire district - unincorporated	1,187	77,375,400	0.05	0.100	116,063
Georgetown fire district - unincorporated	264	48,031,200	0.05	0.065	55,236
Montague fire district - unincorporated	1,488	101,903,700	0.05	0.070	122,284
Municipality of Three Rivers	<u>7,458</u>	<u>\$ 490,384,500</u>			<u>\$ 1,249,402</u>

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**4. Summary of Significant Assumptions (continued)**

**b) Revenue sharing – Province of PEI (continued)**

	Non-commercial tax rate /\$100 assessed value including fire dues	Tax credit rate	Average municipal tax base per capita (all)	Municipal per capita tax base	Tax base difference	Tax base deficiency	Equalization based on 2016 population
Community of Brudenell	\$ 0.160	\$ 0.072	\$ 71,085	\$ 145,809	\$(74,724)	\$(27,722,565)	\$(64,200)
Village of Cardigan	\$ 0.360	\$ 0.072	71,085	51,612	19,473	5,238,365	22,600
Town of Georgetown	\$ 0.735	\$ 0.072	71,085	33,368	37,717	20,933,075	168,800
Community of Lorne Valley	\$ 0.190	\$ 0.072	71,085	29,381	41,704	3,961,875	10,400
Lower Montague Community Council	\$ 0.160	\$ 0.072	71,085	80,949	(9,864)	(5,898,670)	(13,700)
The Town of Montague	\$ 0.600	\$ 0.072	71,085	46,337	24,748	48,531,585	325,900
Community of Valleyfield	\$ 0.160	\$ 0.072	71,085	51,510	19,575	13,115,250	30,400
Cardigan fire district - unincorporated	\$ 0.150	\$ 0.072	71,085	65,186	5,899	7,002,495	15,500
Georgetown fire district - unincorporated	\$ 0.115	\$ 0.072	71,085	181,936	(110,851)	(29,264,760)	(54,600)
Montague fire district - unincorporated	\$ 0.120	\$ 0.072	71,085	68,484	2,601	3,870,780	7,400
Municipality of Three Rivers						<b>\$ 39,767,430</b>	<b>\$ 448,500</b>

**Schedule of Proposed Revenue Sharing for the Municipality of Three Rivers with Steering Committee Recommended Equalization**

	Non-commercial Assessment	Tax Credit Rate Range	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Tax Transfer							
i. Police credit	71,022,900	\$0.075 - \$0.079	\$ 53,300	\$ 54,000	\$ 54,700	\$ 56,100	\$ 56,100
ii. Streets credit - Georgetown	15,514,700	\$0.183 - \$0.193	28,400	28,900	29,500	29,900	29,900
iii. Development credit	464,811,154	\$0.011 - \$0.012	51,100	51,100	55,800	55,800	55,800
iv. Base credit	464,811,154	\$0.043 - \$0.045	199,900	199,900	204,500	209,200	209,200
Equalization			448,500	448,500	448,500	448,500	448,500
			<b>\$ 781,200</b>	<b>\$ 782,400</b>	<b>\$ 793,000</b>	<b>\$ 799,500</b>	<b>\$ 799,500</b>

**Conclusion:**

The revenue sharing under the model proposed by the municipal representatives of the Revenue Sharing Committee (assuming continuation of the current policing agreement) adjusted for the equalization calculation being recommended by the Steering Committee has been included in the projected financial information.

**c) Other revenue**

Other revenue includes various items such as investment income, sewer administration fee, water commission fee, permit fees, and grants related to special events, estimated based on 2015 actuals and 2% annual increase.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Other revenue	<b>\$ 148,700</b>	<b>\$ 151,800</b>	<b>\$ 154,900</b>	<b>\$ 158,000</b>	<b>\$ 161,200</b>

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**4. Summary of Significant Assumptions (continued)**

**d) Government transfers**

Incorporated municipalities apply for Special Projects Program funding from the Employment Development Agency which provides 100 per cent wage support to create temporary employment. Funding may also be available for full or partial wage subsidy to create employment for Island students. Many of the existing communities apply for funding from the Employment Development Agency and it is assumed that funding would continue at the same level in future years.

**e) Province of PEI transition funding**

The transition funding detailed below has not as yet been agreed to by the Province of PEI. The programs, initiatives and amounts shown below are being proposed by the Steering Committee and incorporated into this projected financial information for eventual review by the Province of PEI and other stakeholders. These costs and initiatives are estimated as follows:

*i. Funding to establish new Municipality*

It is assumed that transitional funding of \$820,000 will be provided by the Province of PEI over the first three years of amalgamation to fund costs and new initiatives associated with the establishment of the new municipality.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Official plan and bylaw/policy development	\$ 66,700	\$ 66,700	\$ 66,700	\$ -	\$ -
Economic development strategy	75,000	-	-	-	-
Recreational plan	50,000	-	-	-	-
Infrastructure assessment	100,000	-	-	-	-
Professional fees (legal, accounting, audit, recruiting)	125,000	-	-	-	-
Repairs and maintenance (upgrades to Admin building)	100,000	100,000	-	-	-
Amalgamation process assistance	70,000	-	-	-	-
	<u>\$ 586,700</u>	<u>\$ 166,700</u>	<u>\$ 66,700</u>	<u>\$ -</u>	<u>\$ -</u>

*ii. Long-term Sustainability Funding*

Additionally, it is assumed that transitional funding of \$200,000 per year for the initial five years will be provided by the Province of PEI to be used at the discretion of the new municipality to ensure long-term sustainability. Exact terms and conditions related to eligible expenditures to be negotiated with the Province of PEI.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Long-term sustainability funding	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>

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**4. Summary of Significant Assumptions (continued)**

**f) Administration**

This category of expenditures includes administration salaries, advertising and promotion, donations, council honorariums, dues and fees, insurance, interest and bank charges, office, professional fees, office utilities, and website. It is assumed that expenses other than election costs, council remuneration and professional fees and memberships would remain status quo. Expenditures have been estimated based on a review of December 31, 2015 year end financial statements for each of the incorporated municipalities, discussions with the Chief Administrative Officers of each incorporated municipality, and discussions with the Three Rivers Sub-committee. Expenditures have been recategorized for consistency of presentation amongst the municipalities.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Administration</i>					
Advertising	\$ 20,000	\$ 20,400	\$ 20,800	\$ 21,200	\$ 21,600
Bank charges and interest	10,000	10,200	10,400	10,600	10,800
Election, plebiscites, rate payer meetings	-	24,000	6,000	6,000	6,000
Grants to other organizations and individuals	4,800	4,900	5,000	5,100	5,200
Insurance	19,800	20,200	20,600	21,000	21,400
Interest on long term debt	1,300	1,200	1,000	1,000	800
Mayor/council remuneration (see breakdown below)	71,400	71,400	71,400	71,400	51,200
Mayor/council expenses	5,600	5,700	5,800	5,900	5,000
Miscellaneous	10,700	10,900	11,100	11,300	11,500
Office expenses	44,100	45,000	45,900	46,800	47,700
Professional fees and memberships	50,900	51,900	52,900	54,000	55,100
Training (staff)	3,300	3,400	3,500	3,600	3,700
Travel (staff)	3,300	3,400	3,500	3,600	3,700
Wages and benefits (see breakdown below)	333,500	340,200	347,000	354,000	361,100
	<u>\$ 578,700</u>	<u>\$ 612,800</u>	<u>\$ 604,900</u>	<u>\$ 615,500</u>	<u>\$ 604,800</u>

Mayor and council remuneration is estimated using a rate per resident based on the calculation below. It is assumed that the Mayor will receive remuneration in the amount of \$1.25 per resident, and councilors at the rate of \$0.65 per resident. A population base of 7,800 is assumed and it is assumed that there will be 12 councilors in years 1 to 4, decreasing to 8 in year 5. A Deputy Mayor will be appointed by Council. It is assumed the Deputy Mayor will receive an additional \$0.10 per resident.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Mayor/Council Remuneration</i>					
Mayor	\$ 9,800	\$ 9,800	\$ 9,800	\$ 9,800	\$ 9,800
Deputy Mayor - additional amount	800	800	800	800	800
Councilors	60,800	60,800	60,800	60,800	40,600
<b>Total Mayor/Council Remuneration</b>	<u>\$ 71,400</u>	<u>\$ 71,400</u>	<u>\$ 71,400</u>	<u>\$ 71,400</u>	<u>\$ 51,200</u>

**MUNICIPALITY OF THREE RIVERS**  
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**4. Summary of Significant Assumptions (continued)**

**f) Administration (continued)**

It is assumed that Administrative staff will include the following. Wages are assumed to increase by 2% per year and benefits are estimated at 15% of wages.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Wages and benefits</i>					
Chief administrative officer	\$ 85,000	\$ 86,700	\$ 88,400	\$ 90,200	\$ 92,000
Finance clerks (3)	135,000	137,700	140,500	143,300	146,200
Receptionist and administrative support (2)	70,000	71,400	72,800	74,300	75,800
	290,000	295,800	301,700	307,800	314,000
Benefits @ 15%	43,500	44,400	45,300	46,200	47,100
	<u>\$ 333,500</u>	<u>\$ 340,200</u>	<u>\$ 347,000</u>	<u>\$ 354,000</u>	<u>\$ 361,100</u>

**g) Economic development**

It is assumed that an Economic Development Officer would be hired to facilitate, promote and ensure community and economic development initiatives are secured to increase local employment opportunities. It is also assumed that existing economic development initiatives such as Artisans on Main Art Trail will continue. A salary of \$50,000 per year is assumed. Benefits are estimated at 15% and a 2% annual increment is assumed.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Economic Development</i>					
Economic development initiatives	\$ 45,000	\$ 46,400	\$ 47,800	\$ 49,200	\$ 50,700
Wages & benefits	57,500	59,200	61,000	62,800	64,700
	<u>\$ 102,500</u>	<u>\$ 105,600</u>	<u>\$ 108,800</u>	<u>\$ 112,000</u>	<u>\$ 115,400</u>

**h) Planning and bylaw enforcement**

It is assumed that a Planning Officer will be hired to ensure that any developments occurring in the region make application, are issued proper permits, meet zoning legislation, and carry out development as planned. An annual salary of \$65,000 is assumed. It is also assumed that a Bylaw Enforcement Officer will be hired to enforce non-criminal by-laws enacted by the municipality. An annual salary of \$30,000 is assumed. Benefits are estimated at 15% and a 2% annual increment is assumed.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Planning and Bylaw Enforcement</i>					
Wages & benefits (2 positions)	\$ 109,300	\$ 111,400	\$ 112,100	\$ 112,800	\$ 113,500
Travel	5,000	5,100	5,200	5,300	5,400
	<u>\$ 114,300</u>	<u>\$ 116,500</u>	<u>\$ 117,300</u>	<u>\$ 118,100</u>	<u>\$ 118,900</u>

**MUNICIPALITY OF THREE RIVERS**  
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**4. Summary of Significant Assumptions (continued)**

**i) Policing**

Currently policing in the area is provided to the Three Rivers area under a Provincial Agreement at no cost to the municipalities. In addition, The Town of Montague has an Extended Service Agreement to employ an additional officer. A contribution towards the cost of the Extended Service Agreement is provided under the current Municipal Support Grant. Typically, when a municipality grows beyond a population base of 5,000 the municipality enters into its own Municipal Services Agreement with the RCMP where 70% of the cost of policing is the responsibility of the municipality (Federal Government cost shares at 30%), however there is a provision where a request can be made to the Province of PEI for continuation under the Provincial Agreement. It is assumed that the Municipality of Three Rivers would negotiate with the Province of PEI to continue under the Provincial Agreement with an Extended Service Agreement for the current Town of Montague area for one additional officer.

Policing is assumed to cover the cost of one officer.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Extended Services Agreement - RCMP	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000

**j) Streets, street lights, sidewalks**

Services in this category are only provided in the municipalities of Montague, Georgetown and Cardigan. Montague discontinued maintaining streets in November 2016 but maintains sidewalks and street lights. Georgetown maintains streets and Cardigan has street lights. Expenditures have been estimated based on a review of December 31, 2015 year end financial statements for each of the incorporated municipalities, discussions with the Chief Administrative Officers of each incorporated municipality, and discussions with the Three Rivers Subcommittee. Expenditures have been recategorized for consistency of presentation amongst the municipalities. Amortization related to streets, street lights, and sidewalks has been excluded from projected expenditures.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Streets, Street lights, Sidewalks</i>					
Interest on long-term debt	\$ 9,700	\$ 9,000	\$ 8,400	\$ 7,900	\$ 7,300
Liability insurance	4,800	4,900	5,000	5,100	5,200
Maintenance	87,500	89,300	91,100	92,900	94,800
Miscellaneous	5,000	5,100	5,200	5,300	5,400
Street lights	106,500	108,600	110,700	113,000	115,300
Street signs	2,400	2,400	2,400	2,400	2,400
Wages and benefits	140,500	143,300	146,100	149,000	151,900
Small tools and supplies	2,300	2,300	2,300	2,300	2,300
	<u>\$ 358,700</u>	<u>\$ 364,900</u>	<u>\$ 371,200</u>	<u>\$ 377,900</u>	<u>\$ 384,600</u>

**MUNICIPALITY OF THREE RIVERS**  
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**4. Summary of Significant Assumptions (continued)**

**j) Streets, street lights, sidewalks (continued)**

For reference, the following is a breakdown of streets, street lights, and sidewalks in The Town of Montague, Town of Georgetown and Village of Cardigan.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Streets, Street lights, Sidewalks - The Town of Montague</i>					
Interest on long-term debt	\$ 1,000	\$ 800	\$ 700	\$ 700	\$ 600
Street lights	70,000	71,400	72,800	74,300	75,800
Street signs	1,300	1,300	1,300	1,300	1,300
Wages and benefits	114,600	116,900	119,200	121,600	124,000
Small tools and supplies	2,300	2,300	2,300	2,300	2,300
	<u>\$ 189,200</u>	<u>\$ 192,700</u>	<u>\$ 196,300</u>	<u>\$ 200,200</u>	<u>\$ 204,000</u>
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Streets, Street lights, Sidewalks - Town of Georgetown</i>					
Interest on long-term debt	\$ 8,700	\$ 8,200	\$ 7,700	\$ 7,200	\$ 6,700
Liability insurance	4,800	4,900	5,000	5,100	5,200
Maintenance	87,500	89,300	91,100	92,900	94,800
Miscellaneous	5,000	5,100	5,200	5,300	5,400
Street lights	22,000	22,400	22,800	23,300	23,800
Street signs	1,100	1,100	1,100	1,100	1,100
Wages and benefits	25,900	26,400	26,900	27,400	27,900
	<u>\$ 155,000</u>	<u>\$ 157,400</u>	<u>\$ 159,800</u>	<u>\$ 162,300</u>	<u>\$ 164,900</u>
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Streets, Street lights, Sidewalks - Village of Cardigan</i>					
Lighting	<u>\$ 14,500</u>	<u>\$ 14,800</u>	<u>\$ 15,100</u>	<u>\$ 15,400</u>	<u>\$ 15,700</u>
<b>Total - Streets, Street lights, Sidewalks</b>	<u>\$ 358,700</u>	<u>\$ 364,900</u>	<u>\$ 371,200</u>	<u>\$ 377,900</u>	<u>\$ 384,600</u>

**MUNICIPALITY OF THREE RIVERS**  
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**4. Summary of Significant Assumptions (continued)**

**k) Facilities and public property**

Facilities and public property includes costs related to the upkeep of civic centres, schoolhouses, and town halls used for public meeting space. Wages and benefits relate to the maintenance person in Cardigan. It is expected that existing facilities will be repurposed to accommodate the needs of the new municipality. Expenditures have been estimated based on a review of December 31, 2015 year end financial statements for each of the incorporated municipalities, discussions with the Chief Administrative Officers of each incorporated municipality, and discussions with the Three Rivers Sub-committee. Expenditures have been recategorized for consistency of presentation amongst the municipalities. Amortization related to facilities and public property has been excluded from projected expenditures.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Facilities and Public Property</i>					
Fuel	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Insurance	22,900	23,400	23,900	24,400	24,900
Maintenance	66,900	68,200	69,600	71,000	72,400
Property taxes	6,500	6,600	6,700	6,800	6,900
Sewer and taxes	3,700	3,800	3,900	4,000	4,100
Utilities	27,800	28,400	29,000	29,600	30,200
Wages and benefits	20,400	20,800	21,200	21,600	22,000
	<u>\$ 150,200</u>	<u>\$ 153,200</u>	<u>\$ 156,300</u>	<u>\$ 159,400</u>	<u>\$ 162,500</u>

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**4. Summary of Significant Assumptions (continued)**

**l) Recreation and cultural services**

Recreational and cultural services include the Cavendish Farms Wellness Centre in Montague, Three Rivers Sportsplex in Georgetown, King's Playhouse, AA MacDonald Memorial Gardens, St. Andrew's Point Park, West Street Beach Park, Montague museum, Montague Waterfront, ball diamonds in Georgetown and various contributions made to local recreational and cultural assets that are contributed to by the communities such as the ball field in Cardigan, soccer complex in Lower Montague, and the library and the pool complex in Montague. Expenditures have been estimated based on a review of December 31, 2015 year end financial statements for each of the incorporated municipalities, discussions with the Chief Administrative Officers of each incorporated municipality, and discussions with the Three Rivers Sub-committee. Expenditures have been recategorized for consistency of presentation amongst the municipalities. Grants include the amount contributed by the Town of Georgetown towards the operation of the Three River Sportsplex. Amortization related to recreation and cultural services has been excluded from projected expenditures.

It is assumed that a Recreation Director at a salary of \$40,000 would be hired to coordinate recreational activities within the Three Rivers area and promote the area for sports events. Benefits are estimated at 15% and a 2% annual increment is assumed.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Recreation and Cultural Services</i>					
Grants	\$ 89,500	\$ 91,300	\$ 93,100	\$ 95,000	\$ 96,900
Interest on long-term debt	3,300	2,000	700	-	-
Libraries	14,000	14,300	14,600	14,900	15,200
Museums, art galleries, etc.	35,500	36,200	36,900	37,600	38,400
King's Playhouse (see revenue amount below)	219,900	224,300	228,800	233,400	238,100
Cavendish Farms Wellness Centre (see revenue amount below)	78,900	80,500	82,100	83,700	85,400
Pool complex	25,000	25,500	26,000	26,500	27,000
Montague Waterfront Development Corporation (see revenue amount below)	163,600	166,900	170,200	173,600	177,100
Maintenance	9,400	9,600	9,800	10,000	10,200
Insurance	27,600	28,200	28,800	29,400	30,000
Recreation Director	46,000	46,900	47,800	48,800	49,800
Programs	15,000	15,300	15,600	15,900	16,200
	<u>\$ 727,700</u>	<u>\$ 741,000</u>	<u>\$ 754,400</u>	<u>\$ 768,800</u>	<u>\$ 784,300</u>

**MUNICIPALITY OF THREE RIVERS**  
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**4. Summary of Significant Assumptions (continued)**

**l) Recreation and cultural services (continued)**

The King's Playhouse began operations under a Board of Management in 2007 and is under the authority of the Georgetown Council which is ultimately responsible for the Playhouse's operation. Revenue is projected for the King's Playhouse based on the 2015 actual results.

Revenue is projected for the Montague Waterfront Development Corporation and the Cavendish Farms Wellness Centre based on the 2015 actual results.

Revenue for these three facilities is estimated as follows:

	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>
King's Playhouse	\$ 209,100	\$ 211,200	\$ 213,300	\$ 215,400	\$ 217,600
Cavendish Farms Wellness Centre	40,200	40,600	41,000	41,400	41,800
Montague Waterfront Development Corporation	<u>113,600</u>	<u>114,700</u>	<u>115,800</u>	<u>117,000</u>	<u>118,200</u>
	<b><u>\$ 362,900</u></b>	<b><u>\$ 366,500</u></b>	<b><u>\$ 370,100</u></b>	<b><u>\$ 373,800</u></b>	<b><u>\$ 377,600</u></b>

**m) Other municipal services**

Other municipal services include pest control and special events. A pest control program for black flies exists in Brudenell and Valleyfield. Expenditures have been estimated based on a review of December 31, 2015 year end financial statements for each of the incorporated municipalities, discussions with the Chief Administrative Officers of each incorporated municipality, and discussions with the Three Rivers Sub-committee. Expenditures have been recategorized for consistency of presentation amongst the municipalities.

	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>
<i>Other Municipal Services</i>					
Administration	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800
Pest control	27,100	27,600	28,200	28,800	29,400
Special events	<u>40,300</u>	<u>41,100</u>	<u>41,900</u>	<u>42,700</u>	<u>43,600</u>
	<b><u>\$ 68,200</u></b>	<b><u>\$ 69,500</u></b>	<b><u>\$ 70,900</u></b>	<b><u>\$ 72,300</u></b>	<b><u>\$ 73,800</u></b>

**MUNICIPALITY OF THREE RIVERS**  
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**4. Summary of Significant Assumptions (continued)**

**n) Long-term debt**

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>General</b>					
<i>The Town of Montague</i>					
2.87% Bank of Montreal loan, maturing in December 2019, amortized to 2026, payable in prorated monthly instalments of \$466, including principal and interest - 3.615% of consolidated loan is general.	\$ 43,500	\$ 39,100	\$ 34,600	\$ 29,900	\$ 25,200
<b>Streets, Street Lights, Sidewalks</b>					
<i>Town of Georgetown</i>					
Loan, prime + 1%, secured by general security agreement, maturing December 2019, amortized to December 2035, in monthly installments of \$1,106, plus interest.	227,900	214,600	201,300	188,000	174,800
<i>The Town of Montague</i>					
2.35% Bank of Montreal loan, maturing in April 2020, amortized to 2026, payable in monthly instalments of \$390, including principal and interest.	37,300	33,500	29,600	25,500	21,400
Total long-term debt - Streets, Street lights, Sidewalks	265,200	248,100	230,900	213,500	196,200
<b>Recreation and Cultural Services</b>					
<i>The Town of Montague</i>					
2.87% Bank of Montreal loan, maturing in December 2019, amortized to 2019, payable in monthly instalments of \$3,885, including principal and interest.	90,200	45,600	-	-	-
	\$ 398,900	\$ 332,800	\$ 265,500	\$ 243,400	\$ 221,400
Principal portion of long-term debt repayment	\$ 74,300	\$ 66,100	\$ 67,300	\$ 22,100	\$ 22,000

Principal portion of term debt is scheduled to be repaid over the next five years as follows:

Year 6	\$ 22,400
Year 7	22,700
Year 8	23,000
Year 9	23,200
Year 10	22,700

**ADDITIONAL FINANCIAL INFORMATION**

**SCHEDULE I – SUMMARY OF NON-FINANCIAL ASSETS AT NET BOOK VALUE**

**SCHEDULE II – SUMMARY OF LONG-TERM DEBT**

**NOTES TO SCHEDULE I AND II**

**MUNICIPALITY OF THREE RIVERS**  
**SCHEDULE I – SUMMARY OF NON-FINANCIAL ASSETS**  
**AT NET BOOK VALUE**  
**(Unaudited – See Notice to Reader)**  
**Page 1 of 2**

<u>Asset Class and Description</u>	<u>Original Cost</u>	<u>Net Book Value</u>
(A) Total general capital	\$ 2,087,600	\$ 1,446,700
(B) Total recreational and cultural services	11,885,800	8,115,400
(C) Total streets, streetlights, sidewalks	3,537,800	1,678,900
Town of Georgetown - deferred government assistance	(2,557,600)	(1,359,600)
<b>Total tangible capital assets</b>	<b><u>\$ 14,953,600</u></b>	<b><u>\$ 9,881,400</u></b>
<b>Detailed breakdown as follows:</b>		
<b>(A) General Capital</b>		
<b>Land</b>		
Community of Brudenell - schoolhouse land	\$ 1,000	\$ 1,000
Village of Cardigan - fire hall/civic centre lot, park behind fire hall, Farmer's market land, tennis court, wharf and parcel of land along the bridge, marina land	98,900	98,900
Town of Georgetown - lots, Sportsplex land, Kings Playhouse lot, Civic Centre lot, dump	89,800	89,800
Community of Lorne Valley - schoolhouse land	-	-
Lower Montague Community Council - schoolhouse land plus approximately 8 acres to river, green spaces in subdivisions, St. Andrews Point Park	20,000	20,000
The Town of Montague	<u>448,000</u>	<u>448,000</u>
	657,700	657,700
<b>Land improvements</b>		
Village of Cardigan - one-third of paving allocated to Civic Centre	\$ 4,400	\$ 3,900
The Town of Montague - land improvements	<u>352,900</u>	<u>68,900</u>
	357,300	72,800
<b>Buildings</b>		
Community of Brudenell - schoolhouse	\$ 80,500	\$ 65,600
Village of Cardigan - Civic Centre, Farmer's Market, Crawford House	155,000	91,600
Town of Georgetown - Civic Centre	161,700	59,900
Community of Lorne Valley - schoolhouse	60,200	27,300
Lower Montague Community Council - park and schoolhouse	19,100	17,400
The Town of Montague - Town Hall, maintenance building	<u>517,600</u>	<u>418,200</u>
	994,100	680,000
<b>Machinery &amp; equipment</b>		
Village of Cardigan	44,800	29,500
<b>Computer hardware</b>		
Village of Cardigan	\$ 6,200	\$ 1,700
Town of Georgetown	9,200	2,900
Lower Montague Community Council	<u>900</u>	<u>-</u>
	16,300	4,600
<b>Furniture and fixtures</b>		
Village of Cardigan	<u>17,400</u>	<u>2,100</u>
<b>Total general capital</b>	<b><u>\$ 2,087,600</u></b>	<b><u>\$ 1,446,700</u></b>

(The accompanying notes form an integral part of the projected financial information.)

**MUNICIPALITY OF THREE RIVERS**  
**SCHEDULE I – SUMMARY OF NON-FINANCIAL ASSETS**  
**AT NET BOOK VALUE**  
**(Unaudited – See Notice to Reader)**  
**Page 2 of 2**

<u>Asset Class and Description</u>	<u>Original Cost</u>	<u>Net Book Value</u>
<b>(B) Recreational and Cultural Services</b>		
<b>Ball field project</b>		
Village of Cardigan	\$ 182,100	\$ 81,100
<b>Machinery &amp; equipment</b>		
The Town of Montague - waterfront assets	1,061,700	480,600
<b>Buildings</b>		
Town of Georgetown - Kings Playhouse and Three Rivers Sportsplex	2,532,800	1,002,400
The Town of Montague - Waterfront building and Cavendish Farms Wellness Centre	8,109,200	6,551,300
	<u>10,642,000</u>	<u>7,553,700</u>
<b>Total recreational and cultural services</b>	<b><u>\$ 11,885,800</u></b>	<b><u>\$ 8,115,400</u></b>
<b>(C) Streets, street lights, sidewalks</b>		
<b>Land improvements</b>		
Town of Georgetown - streets and paving	\$ 1,491,300	\$ 645,700
The Town of Montague - streets and sidewalks	1,268,700	865,700
	<u>2,760,000</u>	<u>1,511,400</u>
<b>Machinery &amp; equipment</b>		
Town of Georgetown	460,700	24,000
The Town of Montague - maintenance related equipment	317,100	143,500
	<u>777,800</u>	<u>167,500</u>
<b>Total streets, streetlights, sidewalks</b>	<b><u>\$ 3,537,800</u></b>	<b><u>\$ 1,678,900</u></b>

(The accompanying notes form an integral part of the projected financial information.)

**MUNICIPALITY OF THREE RIVERS**  
**SCHEDULE II – SUMMARY OF LONG-TERM DEBT**  
**(Unaudited – See Notice to Reader)**

<u>Description</u>	<u>Outstanding Principal</u>
<b>(A) General</b>	
The Town of Montague - 1.89% Bank of Montreal loan, maturing in October 2017, amortized to 2017, payable in monthly instalments of \$321, including principal and interest - EMO generator.	\$ 6,900
The Town of Montague - 2.87% Bank of Montreal loan, maturing in December 2019, amortized to 2026, payable in prorated monthly instalments of \$466, including principal and interest - 3.615% of consolidated loan is general.	52,000
<b>Total long-term debt - General</b>	<b>58,900</b>
<b>(B) Recreation and Cultural Services</b>	
The Town of Montague - 2.87% Bank of Montreal loan, maturing in December 2019, amortized to 2019, payable in monthly instalments of \$3,885, including principal and interest - Cavendish Farms Wellness Centre.	175,700
<b>(C) Streets, Street Lights, Sidewalks</b>	
Town of Georgetown - prime + 1%, secured by general security agreement, maturing December 2019, amortized to December 2035, in monthly installments of \$1,106, plus interest - Water Street reconstruction.	254,400
The Town of Montague - 1.89% Bank of Montreal loan, maturing in October 2017, amortized to 2017, payable in monthly instalments of \$653, including principal and interest - Maintenance Department Dodge truck.	14,100
The Town of Montague - 2.35% Bank of Montreal loan, maturing in April 2020, amortized to 2026, payable in monthly instalments of \$390, including principal and interest - maintenance building extension.	44,800
<b>Total long-term debt - Streets, Street lights, Sidewalks</b>	<b>313,300</b>
	<b>\$ 547,900</b>

*(The accompanying notes form an integral part of the projected financial information.)*

**MUNICIPALITY OF THREE RIVERS**  
**NOTES TO SCHEDULE I AND SCHEDULE II**  
**(Unaudited – See Notice to Reader)**

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**1. Purpose**

Schedule I – Summary of Non-Financial Assets is included to provide an overview of all non-financial assets at original cost and net book value. Schedule II – Summary of Long-Term Debt is included to provide an overview of all the long-term debt. It is assumed that existing non-financial assets of each of the incorporated municipalities forming the new Municipality of Three Rivers will be transferred to the new entity at net book value and that existing long-term debt of each of the incorporated municipalities forming the new Municipality of Three Rivers will be transferred to the new entity at the outstanding value, based on audited statements for each former municipality on the date of closing.

**2. Basis of preparation**

The schedules of non-financial assets and of long-term debt have been prepared based on review of the December 31, 2015 financial statements of incorporated municipalities and discussions with the Chief Administrative Officers.

**3. Deferred government assistance**

Net book value does not represent fair market value or replacement cost, both of which could be significantly higher for assets such as land and buildings. Amounts are recorded net of government assistance, with the exception of the Town of Georgetown. Deferred government assistance for the Town of Georgetown has been allocated 20% to sewer assets, 8% to fire services assets and the balance to general, recreational and cultural services, and streets, streetlights, sidewalks categories of assets.

**4. Exclusion of streets from The Town of Montague's assets**

Assets related to streets have been removed from The Town of Montague's assets as street maintenance was transferred to the Province of PEI in November 2016.

**5. Exclusion of non-financial assets and long-term debt related to water and sewer**

The incorporated municipalities of The Town of Montague and Town of Georgetown include non-financial assets and long-term debt related to the operation of water and/or sewer, however these services are provided to users within the municipalities on a user pay system. For purposes of the preparation of projected financial information, non-financial assets and long-term debt for non-financial assets related to water and/or sewer operations have been excluded.

**6. Exclusion of non-financial assets and long-term debt related to fire services**

The incorporated municipalities of the Village of Cardigan and the Town of Georgetown include non-financial assets and long-term debt related to the operation of district fire departments; however, the fire departments serve a larger region than that of the municipality and fire dues are charged to all residents of incorporated and unincorporated areas who fall within the fire department area to cover costs related to operations such as insurance, interest, repairs and maintenance, telephone, honorariums, training, travel, vehicle, etc. The Montague Fire Department is a separate entity operated outside of The Town of Montague municipal entity.



# **Overview of Projected Financial Information for Three Rivers**

August 30, 2017 – **HIGHLY CONFIDENTIAL**

# Contents

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- 1.0 Introductory Comments From Steering Committee
- 2.0 Overview of Three Rivers Area: Population & Tax Base
- 3.0 Financial Projections - Basis of Preparation
- 4.0 Key Assumptions
- 5.0 Proposed Property Tax Rates
- 6.0 Key Revenue Sharing Assumptions - Province of PEI
- 7.0 Three Rivers – The Financial Picture
- 8.0 Proposed Long-term Agreement with the Province of PEI
- 9.0 Timeline

# 1.0 Introductory Comments From Steering Committee

---

## • Current Situation

- 7 communities, 49 Council members
- No overall plan for land use and no land use planning in many areas
- No overall plan for economic development in the area, no integrated plan for how best to use assets like Georgetown's deep water port
- "us and them" mentality

# 1.0 Introductory Comments From Steering Committee

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- **How did we get here?**

- Late 2013 – both Montague and Georgetown are independently working on applying for “annexation studies.”
- Paul MacNeil of the Eastern Graphic asks both communities if they would consider being part of a larger study if he can get the Province on side. Both agree.
- March 2014 – Brudenell, Cardigan, Georgetown, Lorne Valley, Lower Montague, Montague and Valleyfield all agree to take part in the study and submit an application as equal partners. All communities will have the same number of reps and one vote on all matters.

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- May 2015 – Phil Wood & Associates completes the “Stronger Together, Building a Sustainable Future for the Three Rivers Region” study. Although the sample budget was not widely embraced by many of the communities, the findings of the study did start the conversation and, for maybe the first time, an independent third party demonstrated:
  - Why the Three Rivers area will be stronger as a complete unit and how it doesn’t work as well in any other configuration including selective amalgamation, selective annexation or shared services;
  - How there are regional inequalities in who is paying for what;
  - How the communities (Cardigan, Georgetown and Montague) providing the majority of services are least able to afford it;
  - How doing nothing is not sustainable in the long term.

# 1.0 Introductory Comments From Steering Committee

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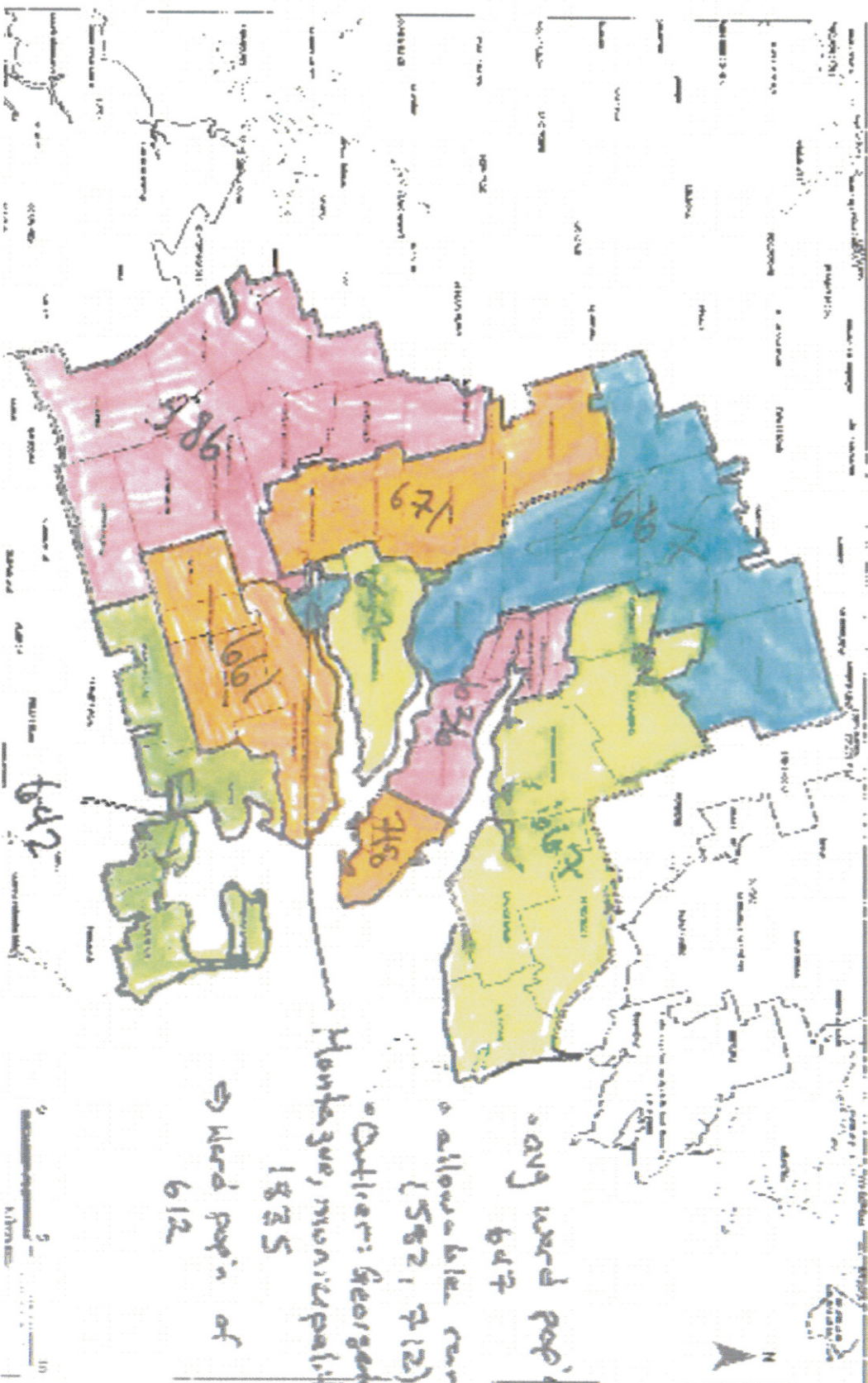
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- Each area can have an alternative, but each official rep will have speaking authority and one vote on matters. Alternates will only speak or vote at meetings if the official rep is not present.
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- **Proposed New Municipality:**
  - 10 Ward System with reps from all 7 incorporated communities and unincorporated areas (representation by population – approx. 650/Councillor)
  - 12 Councillors plus a Mayor for first 4 year term (2018-2022)
  - 8 Councillors plus a Mayor for following terms (wards to be reconfigured)

# Proposed Three Rivers Election Wards



- 10 Wards
- Montague
- (3 Councillors
- Other 9
- (1 Councillor)

any ward pop'n  
647

allowable range  
(582, 712)

Outlier: Georgetown ward  
Montague municipality  
1835

Ward pop'n of  
612

## 2.0 Overview of Three Rivers Area: Population & Tax Base

- Includes all areas within the current Cardigan, Georgetown and Montague fire districts

Area	Population	%	Non-commercial assessment value	%	Commercial assessment value	%
Cardigan fire district – unincorporated	1,187	16%	\$ 75,210,100	16%	\$ 7,565,200	15%
Georgetown fire district – unincorporated	264	4%	46,614,300	10%	2,006,200	4%
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<b>Sub-total unincorporated</b>	<b>2,939</b>	<b>39%</b>	<b>226,569,600</b>	<b>49%</b>	<b>15,341,400</b>	<b>30%</b>
Community of Brudenell	371	5%	48,710,100	11%	6,784,900	13%
Community of Lorne Valley	95	1%	3,599,900	1%	266,800	10.5%
Lower Montague Community Council	598	8%	47,889,700	10%	2,070,000	4%
Community of Valleyfield	670	9%	38,270,100	8%	1,793,100	3.5%
Village of Cardigan	269	4%	13,234,154	3%	1,321,000	3%
The Town of Montague	1,961	26%	71,022,900	15%	19,974,500	40%
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## 3.0 Financial Projections - Basis of Preparation

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- ✓ MRSB has prepared projected financial information for a 5 year period. The projected financial information includes statements of operations, detailed accompanying assumptions and supporting schedules.
- ✓ Projected Statements of Operations have been prepared on a cash basis
- ✓ Exclusions from projected financial information:
  - (A) Amortization expense
  - (B) Fire Services continue as is - Assets, liabilities and operations are NOT included in these financial projections
  - (C) Water & Sewer continue as is - Assets, liabilities and operations are NOT included in these financial projections

## 4.0 Key Assumptions

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### (A) Net Financial Assets

- Existing net financial assets (e.g., cash, savings, investments) that communities will bring to the new entity will be placed in a restricted fund to be used solely for the benefit of that specific community

### (B) Long-term Debt

- All existing long-term debt (approx. \$548 as of 2015 year end) will be transferred to the new entity
- As noted, L.T.D. related to fire services and water & sewer are excluded
- All debt relates to Montague and Georgetown

### (C) Capital Assets

- Capital assets transferred at NBV based on audited f/s on date of closing

## 4.0 Key Assumptions (cont'd)

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### (D) Policing

- Currently under a Provincial Agreement at no cost to the municipalities
- Montague has Extended Service Agreement for 1 additional officer with funding currently received under Municipal Support Grant
- Request will be made to Province for continuation of the current arrangements

### (E) New Operating Expenditures

- Hire Economic Dev. Officer, Planning Officer, By-law Enforcement Officer, Rec. Director
- Add new allocation of \$25k/yr. for pool complex

### (F) Streets, street lights, sidewalks

- Georgetown is the only current municipality to maintain streets
- Montague and Cardigan maintain sidewalks and/or street lights
- Assumption is to maintain status quo

## 5.0 Proposed Property Tax Rates

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Property tax revenue is a function of commercial and non-commercial assessed values and tax rates

- (A) Assessed values used are based on information provided by Property Tax Division
  - Non-commercial assessment value ≈ \$465 million
  - Commercial assessment value ≈ \$50 million
  - Assumed 1.6% increase per year based on All Items PEI CPI
  - No increase for major new construction projects are factored in
- (B) The proposed tax rates result in approx. \$1.1 million in municipal tax revenue annually
- (C) The proposed tax rates have been developed by the Three Rivers Steering Committee, further adjustments/refinement may result as consultations and community input continues

## 5.0 Proposed Property Tax Rates (cont'd)

Area	Non-commercial per \$100 assessed value			Commercial per \$100 assessed value		
	Current - Fire dues - Black fly	Proposed	Change	Current - Fire dues - Black fly	Proposed	Change
Cardigan fire district - unincorporated	.10 - .10 - .00 = 0.00	.05	+.05	.10 - .10 = 0.00	.38	+.38
Georgetown fire district - unincorporated	.065 - .065 - .00 = 0.00	.05	+.05	.065 - .065 = 0.00	.38	+.38
Montague fire district - unincorporated	.07-.07 - .00 = 0.00	.05	+.05	.07 - .07 = 0.00	.38	+.38
Community of Brudenell	.14 - .07 - .02 = .05	.09	+.04	.41 - .07 - .02 = .32	.38	+.06
Community of Lorne Valley	.15 - .10 - .00 = .05	.09	+.04	.15 - .10 = .05	.38	+.33
Lower Montague Community Council	.12 - .07 - .00 = .05	.09	+.04	.25 - .07 = .18	.38	+.20
Community of Valleyfield	.12 - .07 - .04 = .01	.09	+.08	.12 - .07 -.04 = .01	.38	+.37
Village of Cardigan	.40 - .10 - .00 = .30	.26	(.04)	.40 - .10=.30	.38	+.08
The Town of Montague	.72 - .07 - .00 = .65	.53	(.12)	.95 - .07 = .88	.90	+.02
Town of Georgetown	.85 - .065 -.00 = .785	.67	(.115)	1.70 - .065 = 1.635	.90	(.735)

## **6.0 Key Revenue Sharing Assumptions – Province of PEI**

---

- (A) October 2015 letter from Province commits to at least current equivalent of provincial funding to 7 partner communities
- (B) Three Rivers is assuming revenue sharing as per the model being proposed by municipal representatives of Revenue Sharing Committee with some additional assumptions:
  - Continuation of current policing agreement
  - Adjusted equalization calculation

## 6.0 Key Revenue Sharing Assumptions - Prov. of PEI (cont'd)

- (C) Three Rivers has assumed \$780K in funding annually from Province, comprised of:
- (i) Police credit
    - o \$0.075 per \$100 on non-commercial assessment for Montague only – est. \$53k for year 1
  - (ii) Streets credit
    - o \$0.183 per \$100 on non-commercial assessment for Georgetown only – est. \$28k for year 1
    - o For municipalities that own and maintain streets
  - (iii) Development credit
    - o \$0.011 per \$100 on non-commercial assessment for Three Rivers – est. \$51k for year 1
    - o For municipalities that provide land use planning and development control
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    - o \$0.043 per \$100 on non-commercial assessment for Three Rivers – est. \$200k for year 1
    - o For provision of local and regional facilities and programs
  - (v) Equalization
    - o Provides funds to municipalities to offer basic services – est. \$448k *based on proposed alternative calculation – see next page*
    - o For municipalities that are not able to collect tax revenue at same level as other municipalities due to low assessment values or low population

## 6.0 Key Revenue Sharing Assumptions - Prov. of PEI (cont'd)

---

(C) (v) Equalization (continued)

### **Proposed alternative approach to equalization calculation**

- Uses individual non-commercial tax rate (including fire dues) per \$100 assessed value on a community basis for Three River versus the average rate calculated for the Region by the Province
- Calculates a municipal per capita tax base for each community rather than the Region as a total which is the Province's approach
- Calculates equalization at \$448k versus \$120k calculated by the Province
- Rationale:
  - No other municipalities have varied tax rates such as is being proposed by Three Rivers

## 7.0 Three Rivers – The Financial Picture

---

- Annual revenues of  $\approx$  \$2.5 to \$2.6 million consisting of (est.)
  - Property taxes \$1.1 million
  - Revenue sharing \$780k
  - Operation of recreational and cultural facilities \$360k
  - Other revenues \$230k
- Annual operating expenditures estimated at \$2.2 to \$2.4 million per year (excluding fire services, water & sewer, amortization)
- Transitional funding and related expenditures during the first 5 years would be incremental to these amounts. Transitional funding includes two components and are detailed in the following section

## 8.0 Proposed Long-term Agreement with the Province of PEI

### (A) Transitional funding

(i) \$820k over first 3 years (possible cost sharing with various Federal Government Depts./Agencies and Provincial Government may provide some of these services internally)

	YEAR 1	YEAR 2	YEAR 3
Official plan and bylaw/policy development	\$ 66,700	\$ 66,700	\$ 66,700
Economic development strategy	75,000	-	-
Recreational plan	50,000	-	-
Infrastructure assessment	100,000	-	-
Professional fees (legal, accounting, audit, recruiting)	125,000	-	-
Repairs and maintenance (upgrades to Admin building)	100,000	100,000	-
Amalgamation process assistance	70,000	-	-
	<u>\$ 586,700</u>	<u>\$ 166,700</u>	<u>\$ 66,700</u>

## 8.0 Proposed Long-term Agreement with the Province of PEI (cont'd)

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### (A) Transitional funding (continued)

- (ii) Long-term "Sustainability Funding" \$200k per year for 5 years
  - to be used at discretion of new municipality for such things as investment in economic development and community growth, green infrastructure, leveraging other investment in new capital projects to accelerate growth and economic momentum

### (B) Equalization

- Acceptance of alternative method for calculating equalization

## 8.0 Proposed Long-term Agreement with the Province of PEI (cont'd)

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### (C) Gas Tax

- Qualify to access gas tax under direct allocation component at rate of \$95.24 per resident under current Gas Tax Agreement
- Under any new Gas Tax Agreement treated equitably with other municipalities providing water & sewer

### (D) Policing

- Continuation of the current arrangements

**NOTE:** To maintain momentum and to answer inevitable questions, the Steering Committee requests a written response from the Province of PEI supporting this proposed financial structure.

## 9.0 Timeline

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- **Proposed Process Moving Forward**

- (a) Reach Agreement with Province of PEI (Sept)
- (b) Update Financial Projections (if necessary) (Sept)
- (c) Presentation to all municipal councils (together) (Oct)
- (d) Public Engagement (Oct)
- (e) Approval to move forward with new municipality (Nov)
- (f) Application to IRAC (Dec)
- (g) Transition Council appointed to develop budget for 15 month period (Jan/18)
- (h) Municipal elections for first full term Council of new municipality (Nov/18)

**Thank you**

**QUESTIONS**



# **Presentation to Council Members in Proposed Three Rivers Area**

October 25, 2017

# **Contents/Information Presented to Council Members**

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- ❖ PART I: Presentation made to Government, August 30, 2017
- ❖ PART II: Impact of withdrawal of Town of Georgetown from the amalgamation process
- ❖ PART III: Projected financial information

# **PART I: Presentation to Government**

## **Overview of Projected Financial Information for Three Rivers**

August 30, 2017

# Attendees at Government Presentation

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## ➤ **Representing the Province of Prince Edward Island**

- Honourable H. Wade MacLauchlan, Premier
- Honourable Robert Mitchell, Minister of Communities, Land and Environment
- Honourable Allen Roach, Minister of Finance
- Honourable Paula J. Biggar, Minister of Transportation, Infrastructure and Energy
- Erin Mitchell, Deputy Minister of Justice and Public Safety
- Michele Dorsey, Q.C., Deputy Minister of Communities, Land and Environment
- David Arseneault, CPA, CA, Former Deputy Minister of Finance
- Darren Chaisson, P. Eng., Acting Deputy Minister of Transportation, Infrastructure and Energy
- Christine Mackinnon, Acting Director, Municipal Affairs and Provincial Planning
- George Mason, Director, Finance & Corporate Services

## ➤ **Representing the Three Rivers Steering Committee**

- Mayor Lewis Lavandier, former Chair
- Brian Harding, former Vice-Chair
- Andrew Daggett, CAO, Town of Montague

## ➤ **Representing MRSB Consulting Services**

- Everett Roche, CPA, CA and Brenda Wedge, CPA, CGA

# Contents of Presentation to Government

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- 1.0 Introductory Comments From Steering Committee
- 2.0 Overview of Three Rivers Area – Population & Tax Base
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## **Current Situation**

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## Proposed Three Rivers Election Wards



## 10 Wards

Montague

(3 Councillors)

Other 9

(1 Councillor)

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## 5.0 Proposed Property Tax Rates (cont'd)

Area	Non-commercial per \$100 assessed value	Commercial per \$100 assessed value
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Lower Montague Community Council	.09	.38
Community of Valleyfield	.09	.38
Village of Cardigan	.26	.38
The Town of Montague	.53	.90
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  - Operation of recreational and cultural facilities \$360k
  - Other revenues \$230k
- Annual operating expenditures estimated at \$2.2 to \$2.4 million per year (excluding fire services, water & sewer, amortization)
- Transitional funding and related expenditures during the first 5 years would be incremental to these amounts. Transitional funding includes two components and are detailed in the following section

## 8.0 Proposed Long-term Agreement with the Province of PEI

### (A) Transitional funding

(i) \$820k over first 3 years (possible cost sharing with various Federal Government Depts./Agencies and Provincial Government may provide some of these services internally)

	YEAR 1	YEAR 2	YEAR 3
Official plan and bylaw/policy development	\$ 66,700	\$ 66,700	\$ 66,700
Economic development strategy	75,000	-	-
Recreational plan	50,000	-	-
Infrastructure assessment	100,000	-	-
Professional fees (legal, accounting, audit, recruiting)	125,000	-	-
Repairs and maintenance (upgrades to Admin building)	100,000	100,000	-
Amalgamation process assistance	70,000	-	-
	<u>\$ 586,700</u>	<u>\$ 166,700</u>	<u>\$ 66,700</u>

## 8.0 Proposed Long-term Agreement with the Province of PEI (cont'd)

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### (A) Transitional funding (continued)

- (ii) Long-term "Sustainability Funding" \$200k per year for 5 years
  - to be used at discretion of new municipality for such things as investment in economic development and community growth, green infrastructure, leveraging other investment in new capital projects to accelerate growth and economic momentum

### (B) Equalization

- Acceptance of alternative method for calculating equalization

## **8.0 Proposed Long-term Agreement with the Province of PEI (cont'd)**

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### **(C) Gas Tax**

- Qualify to access gas tax under direct allocation component at rate of \$95.24 per resident, under current Gas Tax Agreement
- Under any new Gas Tax Agreement, treated equitably with other municipalities providing water & sewer

### **(D) Policing**

- Continuation of the current arrangements

**NOTE:** To maintain momentum and to answer inevitable questions, the Steering Committee requests a written response from the Province of PEI supporting this proposed financial structure.

## **9.0 Timeline (updated subsequent to presentation to Government)**

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### **Proposed Process Moving Forward - to be Completed Prior to November 2018 Municipal Elections**

- (a) Reach Agreement with Province of PEI
- (b) Update Financial Projections (if necessary)
- (c) Presentation to all Municipal Councils (together)
- (d) Public Engagement
- (e) Approval to move forward with New Municipality
- (f) Application to IRAC
- (g) Transition Council (if necessary)
- (h) Municipal Elections

# **PART II: Impact of Withdrawal of Town of Georgetown from the Amalgamation Process**

# Impact on Key Assumptions

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- ❖ Overall reduction in revenues estimated ~ \$619k (5 yr. avg.)
  - ❖ Estimated revenue from property tax decreased
  - ❖ Revenue sharing requested from the Province would be reduced
  - ❖ Estimated revenue from recreational and cultural facilities reduced
  - ❖ Estimated other revenues decreased
- ❖ Overall reduction in expenditures estimated ~ \$604k (5 yr. avg.)
  - ❖ Administration
  - ❖ Streets
  - ❖ Facilities and public property
  - ❖ Recreation and cultural services
  - ❖ Other
- ❖ Overall no impact on proposed tax rates for the remaining areas

**Thank you**

**QUESTIONS**



## **Presentation To Residents In Proposed Three Rivers Area**

**November 7 and 9, 2017**

# "THREE RIVERS" STEERING COMMITTEE

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## **Brudenell**

Peggy Coffin

Brian Harding

Linda Barry (CAO)

## **Lower Montague**

Scott Annear

Maureen Ross

Melda Jones (CAO)

## **Unincorporated Reps**

Chris McKenna (Cardigan FD)

John Walsh (Georgetown FD)

Ray Brow (GFD alternative)

Pius Murnaghan (Montague FD)

Janice MacBeth (Montague FD)

Pat Uptegrove (MFD alternative)

## **Cardigan**

Dalene Stewart

Andrew Rowe (CAO)

## **Montague**

John MacFarlane

Wayne Spin

Andrew Daggett (CAO)

## **Lorne Valley**

Karen Macleod

David McGrath

## **Valleyfield**

Jane King

## **Past Members**

Lewis Lavandier

Cody Jenkins

Tonya Perry

Lawrence Millar

# CONTENT

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- 1.0 Process to date
- 2.0 An Introduction - Why Regionalization is Being Explored
- 3.0 Impacts of the new PEI Municipal Government Act
- 4.0 Proposed New Municipality
- 5.0 Financial presentation
- 6.0 Discussion

## 1.0 PROCESS TO DATE

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- ✓ Important to note that this process was initiated by the communities

### ❖ Late 2013

- Both Montague and Georgetown independently working on applying for “annexation studies.”
- Paul MacNeill (Eastern Graphic) asks both communities if they would consider being part of a larger study if he can get the Province on side. Both agree.

### ❖ March 2014

- Brudenell, Cardigan, Georgetown, Lorne Valley, Lower Montague, Montague and Valleyfield all agree to take part in the study and submit an application as equal partners.
- All communities will have the same number of reps and one vote on all matters.

## 1.0 PROCESS TO DATE (CONT'D)

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### ❖ May 2015

- Phil Wood & Associates completes the “*Stronger Together, Building a Sustainable Future for the Three Rivers Region*” study.
- Demonstrated:
  - Why Three Rivers area stronger as complete unit
  - How there are regional inequalities in who is paying for what
  - How doing nothing is not sustainable in the long term

### ❖ Oct 2016

- Feedback from public considered and Official Representatives of unincorporated areas added to the Steering Committee and Alternates also selected for each area
- Official Representatives have speaking authority and one vote on matters. Alternates only speak or vote at meetings if the Official Rep is not present.

## 1.0 PROCESS TO DATE (CONT'D)

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### ❖ July 2017 – Oct 2017

- MRSB draft final report presented to the Steering Committee.
- MRSB draft final report approved by the Steering Committee and sent to the Province for review.
- Presentation of MRSB draft final report to Government.
- Town of Georgetown passes motion to cease involvement in the amalgamation process, effective immediately.
- Presentation to Municipal Councils (joint)

### ❖ Nov 2017

- Two Public Meetings

## 2.0 AN INTRODUCTION - WHY REGIONALIZATION IS BEING EXPLORED

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- ✓ Strong Municipal Governance is vitally important and integral to our democracy
- ✓ Numerous Expert Reports/Commissions/Task Forces have explored the issue of land use and local governance and support the need for change
- ✓ A larger and more sustainable community
- ✓ Increased financial resources to undertake initiatives to attract business and residents
- ✓ Increased control at local level over development and land use
- ✓ Stronger collective voice with Provincial Government
- ✓ Regional support to maintain and expand recreation facilities and programs

## 2.0 AN INTRODUCTION - WHY REGIONALIZATION IS BEING EXPLORED

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- ✓ Capacity to take advantage of funding programs/partnerships
- ✓ Gives currently unincorporated areas a voice/vote at the local level
- ✓ Assists smaller municipalities with increasingly complex responsibilities
- ✓ Assists towns/municipalities that face various challenges
- ✓ New Municipal Government Act will be more costly for smaller municipalities to comply with
- ✓ Being proactive will lead to a better deal

### 3.0 IMPACTS OF NEW PEI MUNICIPAL GOVERNMENT ACT

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- **Status**

- ✓ Received Royal Assent on December 15, 2016
- ✓ Proposed to come into effect upon proclamation in 2017
- ✓ Consultation draft released in September, 2017 on regulations

- **Upon Proclamation:**

- ✓ Designated municipal office
- ✓ Audit or (review <\$50,000 expenditures)
- ✓ Expanded and more clearly defined duties for municipal CAO
- ✓ New conflict of interest standards
- ✓ New process requirement for 2018 budget
- ✓ Council members not to fulfill duties of employees

### 3.0 IMPACTS OF NEW PEI MUNICIPAL GOVERNMENT ACT (CONT'D)

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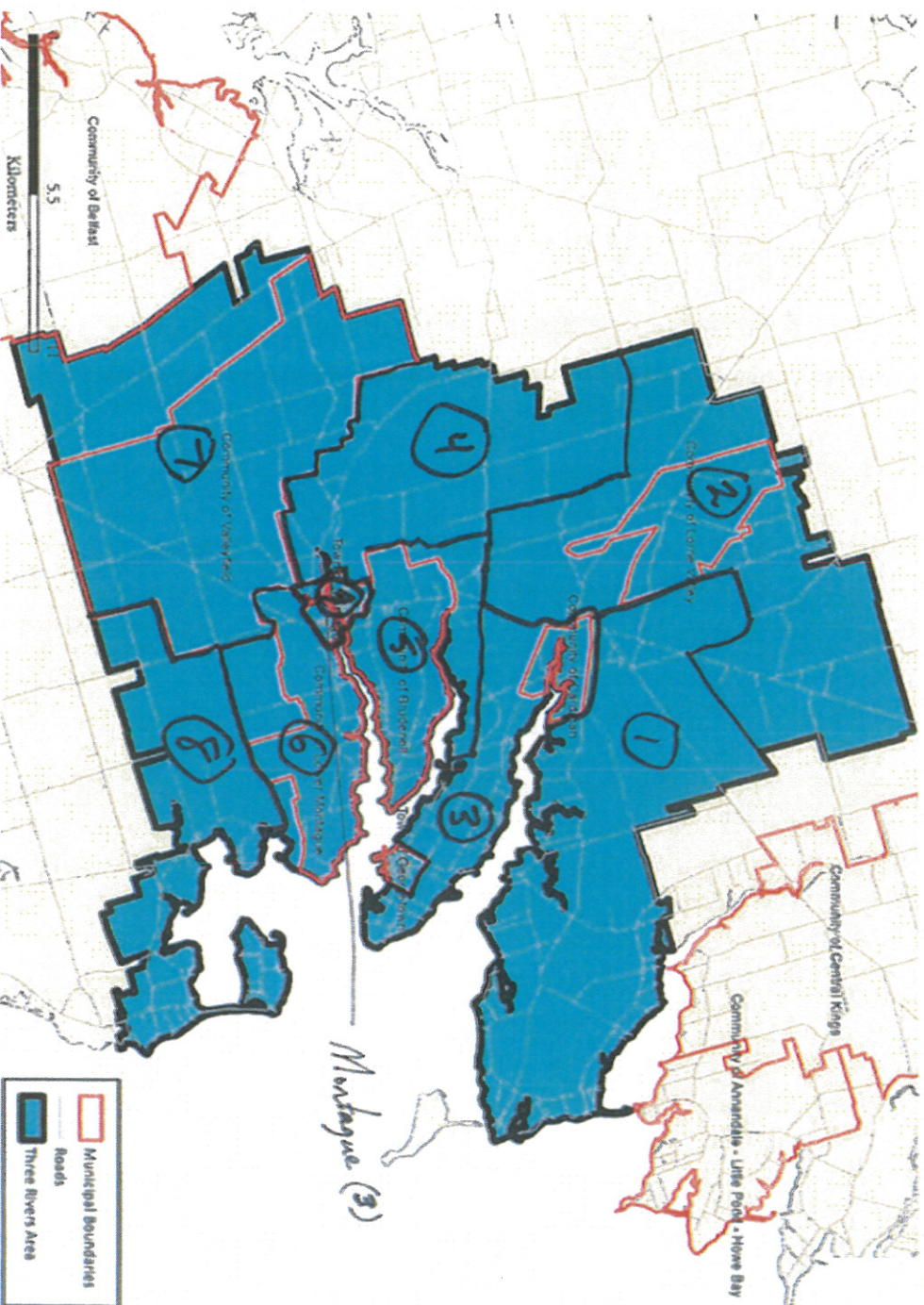
- **Within 1 Year**
  - ✓ Fiscal year changed to March 31 (15 mth yr. ending March 31, 2019 for transition)
  - ✓ Adoption by resolution operating and capital budgets
  - ✓ Formal election procedures
  - ✓ Bylaws in place to cover privacy, access to information, conflict of interest, code of conduct, records retention, procedures
- **Within 3 years:**
  - ✓ Approved emergency management program in place
  - ✓ Audits for all regardless of amount of expenditures
- **Within 5 years:**
  - ✓ Land use plans and supporting bylaws
  - ✓ Municipal office accessible, staffed and open for minimum of 20 hrs. per week (estimated cost \$20 – 30,000 for those not currently meeting these standards)

## 4.0 PROPOSED NEW MUNICIPALITY

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- 9 Ward System with reps from all 6 incorporated communities and unincorporated areas (representation by population – approx. 650/Councillor)
- 11 Councillors plus a Mayor for first 4 year term (2018-2022)
- 8 Councillors plus a Mayor for following terms (wards to be reconfigured)

# Proposed Three Rivers Election Wards



**9 Wards**  
 Montague  
 (3 Councillors)  
 Other 8  
 (1 Councillor)

## 5.0 FINANCIAL PRESENTATION

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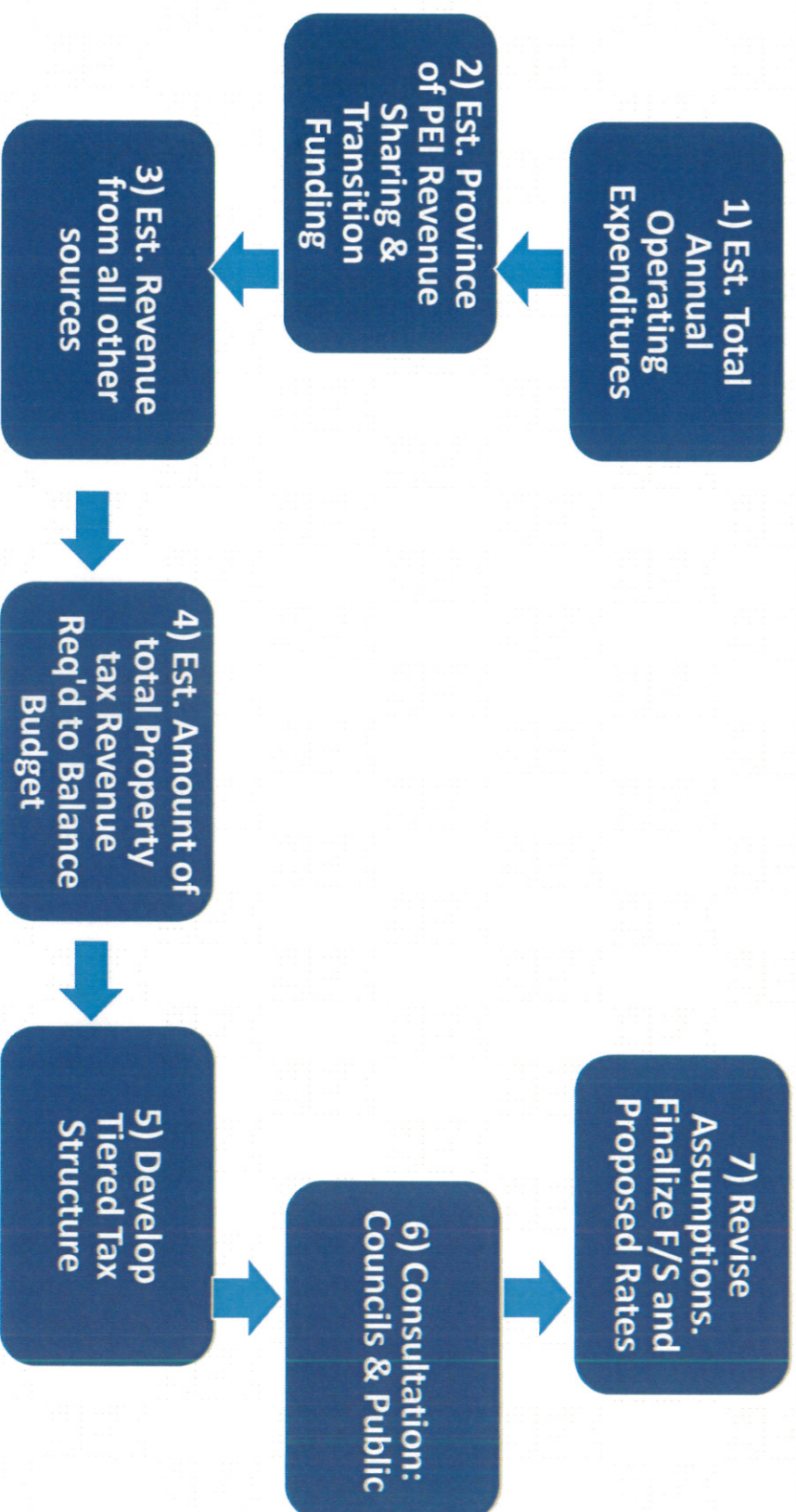
- ✓ Financial Projections – Basis of Preparation
- ✓ Overview of process for developing financial projections and property tax revenue forecast
- ✓ Overview of Three Rivers Area: Population & Tax Base
- ✓ Proposed Property Tax Rates
- ✓ Steering Committee Rationale for Base Tax Level of 5¢/\$100 (unincorporated areas)
- ✓ Key Assumptions

## FINANCIAL PROJECTIONS - BASIS OF PREPARATION

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- MRSB has prepared projected financial information for a 5 year period. The projected financial information includes statements of operations, detailed accompanying assumptions and supporting schedules.
- Projected Statements of Operations have been prepared on a cash basis.
- Exclusions from projected financial information:
  - (A) Amortization expense
  - (B) Fire Services continue as is - Assets, liabilities and operations are NOT included in these financial projections
  - (C) Water & Sewer continue as is - Assets, liabilities and operations are NOT included in these financial projections

# OVERVIEW OF PROCESS FOR DEVELOPING FINANCIAL PROJECTIONS AND PROPERTY TAX REVENUE FORECAST



## OVERVIEW OF THREE RIVERS AREA: POPULATION & TAX BASE

Includes all areas within the current Cardigan and Montague fire districts and unincorporated areas in Georgetown fire district.

Area	Population	%	Non-commercial assessment value	%	Commercial assessment value	%
Cardigan fire district – unincorporated	1,187	17%	\$ 75,210,100	17%	\$ 7,565,200	16%
Georgetown fire district – unincorporated	264	4%	46,614,300	10%	2,006,200	4%
Montague fire district – unincorporated	<u>1,488</u>	<u>22%</u>	<u>104,745,200</u>	<u>23%</u>	<u>5,770,000</u>	<u>12%</u>
<b>Sub-total unincorporated</b>	<b>2,939</b>	<b>43%</b>	<b>226,569,600</b>	<b>50%</b>	<b>15,341,400</b>	<b>32%</b>
Community of Brudenell	371	5%	48,710,100	11%	6,784,900	14%
Community of Lorne Valley	95	1%	3,599,900	1%	266,800	1%
Community of Lower Montague	598	9%	47,889,700	11%	2,070,000	4%
Community of Valleyfield	670	10%	38,270,100	9%	1,793,100	4%
Village of Cardigan	269	4%	13,234,200	3%	1,321,000	3%
The Town of Montague	<u>1,961</u>	<u>28%</u>	<u>71,022,900</u>	<u>16%</u>	<u>19,974,500</u>	<u>42%</u>
<b>Sub-total incorporated</b>	<b>3,964</b>	<b>57%</b>	<b>222,726,900</b>	<b>50%</b>	<b>32,210,300</b>	<b>68%</b>
<b>TOTALS</b>	<b><u>6,903</u></b>	<b><u>100%</u></b>	<b><u>\$449,296,500</u></b>	<b><u>100%</u></b>	<b><u>\$47,551,700</u></b>	<b><u>100%</u></b>

# OVERVIEW OF THREE RIVERS AREA: POPULATION & TAX BASE - FARM ASSESSMENTS

- Bona fide farmers taxed at the lower non-commercial rate
- Taxed on a farm assessed value \$30 - \$150 per acre depending on cleared or wooded
- Non-commercial assessed value includes the farm assessed value for farm properties

Area	Farm Assessment included in Non-commercial tax base
Cardigan fire district - unincorporated	\$ 5,400,000
Georgetown fire district - unincorporated	590,000
Montague fire district - unincorporated	<u>8,610,000</u>
	14,600,000
Community of Brudenell	1,400,000
Community of Lorne Valley	1,080,000
Lower Montague Community Council	1,550,000
Community of Valleyfield	5,550,000
Village of Cardigan	670,000
The Town of Montague	<u>130,000</u>
	<u>10,380,000</u>
Municipality of Three Rivers	<u><u>\$ 24,980,000</u></u>

## PROPOSED PROPERTY TAX RATES

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Property tax revenue is a function of commercial and non-commercial assessed values and tax rates

- A. Assessed values used are based on information provided by Property Tax Division**
  - ✓ Non-commercial assessment value ≈ \$449 million
  - ✓ Commercial assessment value ≈ \$48 million
  - ✓ Assumed 1.6% increase per year based on All Items PEI CPI
  - ✓ No increase for major new construction projects factored in
- B. The proposed tax rates result in approx. \$950k in municipal tax revenue annually**
- C. The proposed tax rates have been developed by the Three Rivers Steering Committee, further adjustments/refinement may result as consultations and community input continues**

## PROPOSED PROPERTY TAX RATES (CONT'D)

Area	Non-commercial per \$100 assessed value			Commercial per \$100 assessed value		
	Excluding Fire Dues <sup>3</sup>			Excluding Fire Dues <sup>3</sup>		
	Current	Proposed	Change	Current	Proposed	Change
Unincorporated	0.00	0.05	+0.05	0.00	0.38	+0.38
Community of Brudenell <sup>1</sup>	0.07	0.09	+0.02	0.34	0.38	+0.04
Community of Lorne Valley	0.05	0.09	+0.04	0.05	0.38	+0.33
Community of Lower Montague	0.05	0.09	+0.04	0.18	0.38	+0.20
Community of Valleyfield <sup>2</sup>	0.05	0.09	+0.04	0.05	0.38	+0.33
Village of Cardigan	0.30	0.26	(0.04)	0.30	0.38	+0.08
The Town of Montague	0.65	0.53	(0.12)	0.88	0.90	+0.02

<sup>1</sup> Base rate includes black fly and commitment to the Wellness Center

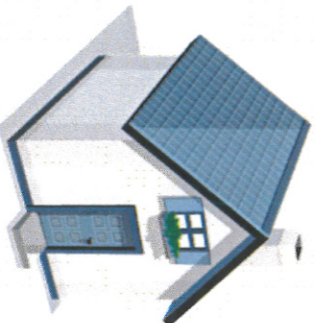
<sup>2</sup> Base rate includes black fly

<sup>3</sup> Fire dues vary: 0.065 (Georgetown), 0.07 (Montague) and 0.10 (Cardigan) per \$100 assessed value

## PROPOSED PROPERTY TAX RATES (CONT'D)

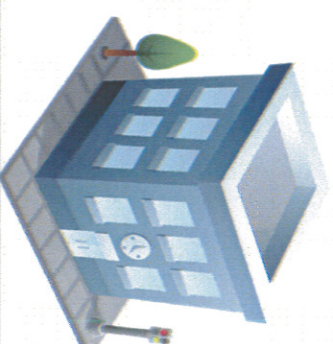
**\$100,000**

**Non-Commercial Assessment**



**\$100,000**

**Commercial Assessment**



**Unincorporated**

**\$50**

**Communities of**

- Brudenell,
- Lorne Valley,
- Lower Montague,
- Valleyfield

**\$90**

**Unincorporated,**

**Communities of**

- Brudenell,
- Lorne Valley,
- Lower Montague,
- Valleyfield, and

**\$380**

**Town of  
Montague**

**\$900**

**Village of Cardigan \$260**

**Town of Montague \$530**

## STEERING COMMITTEE RATIONALE FOR BASE TAX LEVEL OF 5¢/\$100 (UNINCORPORATED AREAS - NON-COMMERCIAL)

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- ✓ Official Plan for Land Use protects your property value
- ✓ Bylaw enforcement
- ✓ Use/Access to recreational facilities
- ✓ Supporting regional economic development strategy/initiatives
- ✓ Access to central support services and infrastructure
- ✓ Providing resources to make the Three Rivers Region a better place to live and work for future generations
- ✓ Contribute towards a stronger regional voice – in a time where all regions compete for limited financial resources and new projects

# KEY ASSUMPTIONS

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## A. Net Financial Assets

- Existing net financial assets (e.g., cash, savings, investments) that communities will bring to the new entity - placed in a restricted fund to be used solely for the benefit of that specific community

## B. Long-term Debt

- All existing (approx. \$294k as of 2015 year end) will be transferred to the new entity
- As noted, amount noted above excludes long-term debt related to fire services and water & sewer

## C. Capital Assets

- Transferred at net book value based on audited f/s on date of closing

## KEY ASSUMPTIONS (CONT'D)

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### D. Policing

- Currently under a Provincial Agreement at no cost to the municipalities
- Montague has Extended Service Agreement for 1 additional officer with funding currently received under Municipal Support Grant
- Request will be made to Province for continuation of the current arrangements

### E. New Operating Expenditures

- Hire Economic Dev. Officer, Planning Officer, By-law Enforcement Officer, Rec. Director

### F. Streets, Street Lights, Sidewalks

- Montague and Cardigan maintain sidewalks and/or street lights
- Assumption is to maintain status quo

### G. Recreational and Cultural Services

- Continue to support existing plus pool complex

## KEY ASSUMPTIONS (CONT'D)

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### H. Proposed Agreement with the Province of PEI

- ✓ Assuming revenue sharing of \$575k based on the following:
  - Using the model (proposed by municipal representatives on Revenue Sharing Committee) for tax credits based on non-commercial assessments including:
    - Base credit at 4.3¢/\$100
    - Development credit at 1.1¢/\$100
    - Police credit at 7.5¢/\$100
  - Proposed an alternative approach to the equalization calculation (considering the fact that no current areas have varied tax rates)
  - Continuation of current policing agreement

## KEY ASSUMPTIONS (CONT'D)

---

### H. Proposed Agreement with the Province of PEI

#### ✓ Transitional Funding

- (i) \$820k over first 3 years (possible cost sharing with various Federal Government Depts./Agencies and Provincial Government may provide some of the services internally)
  - ❑ Official plan and bylaw/policy development
  - ❑ Economic development strategy
  - ❑ Recreational plan
  - ❑ Infrastructure assessment
  - ❑ Professional fees (legal, accounting, audit, recruiting)
  - ❑ Repairs and maintenance (upgrades to Admin building)
  - ❑ Amalgamation process assistance

## KEY ASSUMPTIONS (CONT'D)

---

### H. Proposed Agreement with the Province of PEI

#### ✓ Transitional Funding (continued)

- (ii) Long-term "Sustainability Funding"
  - ❑ \$200k per year for 5 years
  - ❑ to be used at discretion of new municipality for such things as investment in economic development and community growth, green infrastructure, leveraging other investment in new capital projects to accelerate growth and economic momentum.

#### ✓ Gas Tax

- Receive equitable treatment with other municipalities providing water & sewer

THANK YOU

DISCUSSION