

THIS MEMORANDUM OF UNDERSTANDING is effective the 10th day of November, 2014.

BETWEEN:

MUNICIPALITY OF THE COUNTY OF PICTOU, a body corporate, pursuant to section 7 of the *Municipal Government Act*, S.N.S., 1998 c. 18 (hereafter, the "MGA")

(hereafter, "Pictou County")

-and-

TOWN OF NEW GLASGOW, a body corporate, pursuant to section 8 MGA

(hereafter, "New Glasgow")

-and-

TOWN OF PICTOU, a body corporate, pursuant to section 8 MGA

(hereafter, "Pictou")

-and-

TOWN OF STELLARTON, a body corporate, pursuant to section 8 MGA

(collectively, the "parties hereto")

WHEREAS the parties hereto agree that organizational change is required within Pictou County to ensure the efficient and effective future delivery of municipal services;

AND WHEREAS the parties hereto consider unitary local government to be a primary means to effect improvements in the local economy and social condition;

AND WHEREAS the parties hereto believe that a Regional Municipality, as contemplated in Parts I and XVII, and in particular section 372 of the MGA, is the desired approach to attain efficient and effective municipal service delivery for Pictou County residents and businesses;

AND WHEREAS the parties hereto commit their elected and senior administrative leadership towards:

a) the study of the merits of adoption of a regional form of government;

b) reporting on an organizational review, requirements, and an implementation plan for regional government; and

c) the administrative oversight of independent consultants charged with specified responsibilities as directed by the Steering Committee as described hereafter;

AND WHEREAS the parties hereto expect, based on advanced consultations with the Nova Scotia Utility and Review Board (NSUARB), that such study and reporting shall satisfy Part XVII of the MGA;

AND WHEREAS the parties hereto agree that the participation of the Provincial and Federal orders of government is requisite to the implementation of organizational change;

AND WHEREAS the parties hereto agree that efficient and effective local government may require the identification, rationalization and disposal of surplus or competing municipal assets, in addition to the identification of new construction and rehabilitation of core assets and municipal infrastructure;

AND WHEREAS the parties hereto agree that a regional form of government must be structured to recognize urban, suburban, rural and commercial/industrial area differences and their varying municipal servicing requirements;

AND WHEREAS the parties hereto agree that cost recovery of the municipal share of expenditures related to regional government must be based on fair and equitable taxation, user fees and charges that are assigned under a usage-based approach or area-based charges;

AND WHEREAS the parties hereto agree that there are preconditions to an application for a regional government to the NSUARB (the "Preconditions") and that such Preconditions for each party hereto are fully contained within this Memorandum of Understanding (MOU);

AND WHEREAS the parties hereto further acknowledge that certain legislative changes may be required to enact regional government and therefore the cooperation of the Provincial Government may be required, the parties hereto are therefore committed to requesting such legislative changes as may be required in a timely manner should the Steering Committee recommend the same;

BE IT THEREFORE RESOLVED that, subject to the terms and conditions set out in this MOU, a plan for establishment of a Regional Municipality be formulated for the territorial jurisdictions encompassed by the parties hereto, and ideally for the whole of Pictou County, and the parties hereto resolve to its implementation provided the Preconditions are addressed in a manner satisfactory to each of the municipal councils party hereto, with such commitment culminating in an application to the NSUARB for approval and recommendation

to the Province for the creation of a Regional Municipality as provided for in the MGA prior to the 2016 municipal elections.

1. TRANSITIONAL AND MANAGEMENT ASPECTS

1.1. Incorporation of a Regional Municipality

The parties hereto agree:

- 1.1.1. Upon review of the plan for a Regional Municipality and after consideration and approval by the municipal councils, and provided the Preconditions are met in a manner satisfactory to the municipal councils party hereto and pursuant to s. 372 MGA, to file a joint application to the appropriate authority for a Regional Municipality prior to the 2016 municipal elections;
- 1.1.2. Incorporation of a Regional Municipality will require alteration in staffing levels and the elimination of surplus or competing assets;
- 1.1.3. Individual Councils will not rule on regional or other forms of municipal government until such time as they receive and consider a comprehensive implementation plan for a Regional Municipality developed and tabled pursuant to this MOU;
- 1.1.4. The work plan is the process by which the study, review and consultation is conducted, which will include, without limitation, timelines, requirements for internal and external resources and a comprehensive consultation program (the "Work Plan");
- 1.1.5. The product of the Work Plan is the implementation plan, which will include, without limitation, background reports, analyses and recommendations relative to current-day program delivery, capital asset deficiencies, a five-year capital investment plan, and required strategic changes and structures (the "Implementation Plan"). It is the intent that the Implementation Plan serve as a blueprint for the application for a Regional Municipality. Such Implementation Plan shall further include a complete *pro forma* operating and capital financial plan that addresses the Preconditions.

1.2. Management of the Study and Reporting Process

The parties hereto agree:

- 1.2.1. To delegate management of this MOU and provide full authority for the related study process, Work and Implementation Plan development, and all public communications to the Steering Committee comprising the Mayors and Warden, in addition to one member of each Council, of the parties hereto. Chief Administrative Officers and Town Clerks of parties hereto shall participate as non-voting members;

- 1.2.2. To ensure open and transparent governance, subject to required confidentiality and pursuant to the principles established in the MGA and particularly s. 22 thereof, all elected members of municipal councils party hereto shall be provided advance notice of meetings of the Steering Committee and the right to attend in an *ex officio* non-voting capacity; however, absent the consent of the Steering Committee, no council member so invited shall have the right to speak at such Steering Committee meetings. Furthermore, a failure to provide notice to such elected members of municipal councils party hereto shall not invalidate the proceedings at any Steering Committee meeting or meetings. Elected members of municipal councils party hereto shall be required to provide prior confirmation of their intention to attend Steering Committee meetings; however, failure to provide confirmation shall only act as a bar to attendance provided there is insufficient meeting room accommodation;
- 1.2.3. While recognizing, generally, the sensitive and confidential nature of the discussions of the Steering Committee, to limit *closed session* proceedings of the Steering Committee only to those issues as would qualify for *closed session* pursuant to s. 22(2) of the MGA, and subject to s. 22(3) through 22(7) of the MGA;
- 1.2.4. The Steering Committee shall select a Chief Administrative Officer of one of the parties hereto to act as the Project Manager of the undertakings required by this MOU and the remaining parties hereto agree to provide, through their Chief Administrative Officers and other municipal staff, such support and assistance as can be lawfully and reasonably provided to assist in back-filling for the Project Manager or other municipal staff, which may include providing financial support to hire short-term contract-based staff or consultants from the Project Operating Fund;
- 1.2.5. The Steering Committee shall operate on a consensus model for decision-making. Where lack of consensus exists, a vote shall be taken with passage requiring a simple majority of the parties hereto with that majority representing 50 percent of the aggregate population of the parties hereto;
- 1.2.6. Steering Committee authority per section 1.2.1 includes:
 - 1.2.6.1. Approval of the Work Plan to study the Preconditions and, if satisfactory, to form part of an application for Regional Government;
 - 1.2.6.2. Approval of terms of reference and engagement of external consultants to perform independent reviews and table recommendations for governance and administrative structures;
 - 1.2.6.3. Development and implementation of a public consultation program, with sole jurisdiction on public communications and the release of information during the term of this MOU; that is, all public communications will only be released by the Steering Committee;

- 1.2.6.4. Liaising with all levels of elected officials, including quarterly updates to the parties hereto, who will in turn receive and discuss such updates per section 22 MGA;
- 1.2.6.5. Management of the Project Operating Fund;
- 1.2.6.6. Presentation and tabling of a final report, including background studies and supporting evidence to all municipal councils party hereto.
- 1.2.7. Each signatory shall provide \$25,000 minimum to the Steering Committee as the Project Operating Fund;
- 1.2.8. Further to Article 1.2.4., secondments of municipal staff are subject to applicable municipal unit and Steering Committee agreement.

2. OPERATIONAL MEASURES

2.1. Fiscal Arrangements with Provincial and Federal Governments

The parties hereto agree the Implementation Plan shall include, without limitation, items as follows:

- 2.1.1. Consultation and negotiations with the Province of Nova Scotia and Government of Canada with respect to municipal contributions and mandatory payments, i.e. without limitation, equalization, fire grants, grants in lieu of taxation, capital funding programs, education tax, corrections, and contributions to the Regional Housing Authority.

2.2. Fiscal Operations

The parties hereto agree the Implementation Plan shall include, without limitation, items as follows:

2.2.1. Revenues

- 2.2.1.1. The application of a user pay principle to recovery of Regional Municipality operating expenditures by means of general tax rates, area rates, and user fees, provided:

- (1) the *pro forma* operating statements prove a viable operation with no material increase in the Municipality of the County of Pictou general residential tax rate;

- (2) expenditures are identified and normalized in the background report of recommended services, programs and expenditures for inclusion in the general tax rate;
- (3) the Implementation Plan considers establishment of commercial tax rates under the user pay principle per section 73 MGA;
- (4) harmonization of user fees where possible;
- (5) the expense recovery method is endorsed by the background report detailing available revenue generation options; namely, assessment-based taxation, flat and user-based taxes, user fees, cost recovery fees, and area rating; and
- (6) tax and revenue structure recommendations are supported by geographic information software (GIS) data, which produces taxation burdens by geographic area of the county that retain a listed level of programs and service warrants.

2.2.2. Expenditures

2.2.2.1. A background report on existing and assumed service warrant levels and costs by service type for rural, suburban, urban and commercial areas or, in limited cases properties, in order to identify existing and projected deficiencies in program delivery;

2.2.2.2. Recommendations on Governance and Administrative structures by independent consulting experts in accordance with statutory requirements and under terms of reference developed by the Steering Committee. This analysis shall address, without limitation:

- (1) current-day Collective Agreements, Labour Laws and other statutory frameworks;
- (2) types of departments and Utility structures required to ensure the efficient and effective performance of financial and administrative tasks. This analysis is to include the type and level of staffing (full-time and part-time) or alternative service delivery models;
- (3) required changes, if any, to pre-existing inter-municipal Agreements to maximize efficiencies and quality of governance, program delivery, finance, administration, organization, staffing, technology and physical asset management; and
- (4) boundaries, size and composition of electoral districts.

- 2.2.2.3. Recommendations specific to RCMP arrangements under the Federal Municipal Policing Agreement and under the Provincial Police Service Agreement. Analysis and recommendations shall include staffing implications and infrastructure requirements. County-wide (regional) RCMP or municipal policing shall not be considered under this MOU;
- 2.2.2.4. Examination and reporting on the capital and operational requirements of fire prevention, protection and municipal fire inspection services;
- 2.2.2.5. A background report on Public Works that includes, without limitation:
 - (1) a classification system for road infrastructure including carrying capacity (type), surfacing, pedestrian access, and active transportation components;
 - (2) storm and sanitary systems;
 - (3) potable water systems; and
 - (4) street lights.
- 2.2.2.6. A background report on business development and attraction requirements that includes, without limitation:
 - (1) key municipal/public land holdings and related requirements; and
 - (2) key projects and activities designed to retain, grow, and attract commercial assessment, employment and economic growth consistent with the environmental stewardship entrusted to municipalities.
- 2.2.2.7. A background report on recreation, active living and community development programming that includes, without limitation:
 - (1) a review of all existing delivery models in Pictou County;
 - (2) continuation of district service grants to support community-based organizations; and
 - (3) tabling of recommendations to maximize efficient and effective service delivery.

2.3. Other Operational Aspects

The parties hereto agree the Implementation Plan shall include, without limitation, items as follows:

2.3.1. the examination of and reporting on technology adaptations to:

- 2.3.1.1 establish complaint/public inquiry tracking;
- 2.3.1.2 enable public electronic access to business functions;
- 2.3.1.4 manage electronic records;
- 2.3.1.5 facilitate Departmental and Council communications;
- 2.3.1.6 recommend applications for GIS;
- 2.3.1.7 track permits and inspections; and
- 2.3.1.8 process electronic billing.

2.3.2. A prioritized list of By-Laws and Policies for harmonization or creation to facilitate the efficient delivery of municipal services and to coordinate the adoption of regional Planning Documents.

3. CAPITAL ASSETS

The parties hereto agree to:

- 3.1. The preparation of an overview condition report on all municipal infrastructure including upgrades potentially required to address service delivery deficiencies, and to meet existing or forthcoming Provincial and Federal regulations and guidelines;
- 3.2. The development of a county-wide or area-specific prioritization model for capital projects that includes, without limitation: piped infrastructure; sport and recreation infrastructure; plants; buildings; streets, sidewalks; curb and gutter; and rubber-tired assets. The model is to prioritize county-wide and area-specific capital infrastructure requirements, recommended implementation timeframes, and potential impacts on municipal revenue requirements;
- 3.3. The generation of projections relative to ongoing capital requirements; specifically, the ongoing useful-life replacement or upgrading of physical assets;
- 3.4. The review of analyses and recommendations on surplus or competing asset elimination. The parties hereto acknowledge that existing administrative buildings,

arenas, parks, public works facilities, recreational and community facilities, and libraries will be assessed and some may be recommended for closure;

- 3.5. Recommendations and reporting that will consider the four pillars of an integrated plan for community sustainability; namely, economic, environmental, social and cultural, in addition to provincial climate adaptation requirements;
- 3.6. Tabling of a recommended five year capital investment plan.

4. RESERVES

The parties hereto agree:

- 4.1. Pre-existing Capital, general, and special reserves, shall be treated as restricted reserves for the benefit of the former municipal units under regional government.

5. SHORT AND LONG TERM DEBT

The parties hereto agree:

- 5.1. Accumulated operational deficits that are not reduced by the Province will be eliminated through area rating of the corresponding former municipal unit;
- 5.2. With the exception of provision 6.1.3 herein repayment of long-term debt incurred prior to formation of a Regional Municipality will be subject to area rating of the corresponding former municipal unit;
- 5.3. A report and recommendations are to be tabled for a protocol to address the acquisition of new debt, such protocol which may use general tax rates, area rates, flat taxes and user fees.

6. PRECONDITIONS AND OVERARCHING PRINCIPLES

6.1. Preconditions

The parties hereto agree upon the following Preconditions to Regional Government, which will operate as conditions precedent to the application for enactment of a Regional Municipality in Pictou County:

- 6.1.1. no material change will be introduced to the current general residential tax rate for property owners of what will be the former Municipality of the County of Pictou;
- 6.1.2. no material decrease in service warrant levels will be introduced within the former Towns;

- 6.1.3. repayment of the long term debt associated with the Albion Business Park will be funded through the regional tax base;
- 6.1.4. preexisting debt and deficits will be maintained as a financial burden of the applicable former municipal unit;
- 6.1.5. pre-existing reserves at the time of implementation of regional government will be maintained or utilized for the benefit of the corresponding former municipal unit; and
- 6.1.6. a fair and equitable five year capital investment plan will be developed, including the identification of required financing, for the replacement, construction or expansion of prioritized municipal assets.

6.2. Overarching Principles

The parties hereto recognize and confirm the overarching principles of this MOU as:

- 6.2.1. Representation by Population – each citizen should have a roughly equal voice in the electoral process, and therefore, subject to the NSUARB's oversight responsibilities, representation on a regional council shall be based on roughly equal polling districts;
- 6.2.2. Usage-Based Costs – the parties hereto have agreed that citizens should pay an amount generally commensurate with the services provided or utilized in the geographic area in which the citizens live along with those services that benefit all citizens regardless of geographic location. The parties hereto are therefore committed to developing a “user pay” model of cost recovery.
- 6.2.3. Evidence-Based Decisions – the parties hereto agree that the best practice is to base decisions on cogent and clear tested evidence and the parties hereto commit to use best practices when making decisions in relation to this MOU.

7. SUNSET, NSUARB, AND INVITATION TO MUNICIPALITIES

The parties hereto acknowledge:

- 7.1. The Implementation Plan and *pro forma* financial statements specified herein are intended to address the Preconditions and serve as components of an application to NSUARB for a Regional Municipality, but are not intended to fetter the future capacity of a Regional Council to approve rates, structures or service delivery options;
- 7.2. The NSUARB has statutory jurisdiction to require additional studies pertaining to the formation of regional government;

- 7.3. The application by less than all of the municipalities in the County will require legislative changes by the Province and therefore it is desirable for all municipalities to participate as signatories to this MOU and consequently, and as agreed by the parties hereto as a condition of entering into discussions about this MOU, the municipalities in the County that are not yet signatories shall be provided with a copy of this signed MOU and invited to become signatories in accordance with Schedule "A" attached hereto. Such invitation shall be open for acceptance by the remaining municipalities for a period of 30 days from the date the municipalities in the County that are not yet signatories to this MOU are provided with a copy of this signed MOU.

8. WITHDRAWAL AND TERMINATION

- 8.1. One or more of the parties hereto (a "Withdrawing Party") may, on sixty (60) days' notice to the other parties hereto, and upon delivery of substantive reasons for the withdrawal in such notice, in accordance with the notice provisions hereinafter set out, withdraw from this MOU and no longer be bound by the terms and conditions hereof. Such withdrawal shall be final and irrevocable by the Withdrawing Party.
- 8.2. By motion of two or more parties hereto comprising municipalities with more than seventy-five (75) percent of the aggregate population of the parties hereto, one or more parties hereto may, on sixty (60) days' notice, be expelled from membership in the Steering Committee or from participation in this MOU (the "Expelled Party"), provided clear reasons are given in such notice of expulsion in accordance with the notice provisions herein. Such notice of expulsion, including reasons therefor, shall be made public within ten (10) days of the delivery of such notice of expulsion, unless otherwise agreed by all of the parties hereto.
- 8.3. No Withdrawing Party or any Expelled Party shall be entitled to any refund of financial contributions made pursuant to Article 1.2.7 herein or otherwise.

9. NOTICE

Any notice under this MOU, unless otherwise provided, may be given if delivered or mailed, postage prepaid, or by facsimile transmission or electronic transmission, to:

Brian Cullen, CAO
Municipality of the County of Pictou
46 Municipal Drive
Pictou, NS B0K 1H0

Lisa MacDonald, CAO
Town of New Glasgow
111 Provost Street
PO Box 7
New Glasgow, NS B2H 5E1

Scott Conrod, CAO
Town of Pictou
40 Water Street
PO Box 640
Pictou, NS B0K 1H0

Joyce Eaton, Town Clerk
Town of Stellarton
250 Foord Street
PO Box 2200
Stellarton, NS B0K 1S0

10. APPLICABLE LAW

The law governing this MOU and any action, matter or proceeding based upon or relating to this MOU shall be the law of the Province of Nova Scotia and the Courts of Nova Scotia shall have exclusive jurisdiction over any action or proceeding based upon or relating to this MOU.

11. SEVERABILITY

The parties hereto covenant and agree that the invalidity or unenforceability of any provision of this MOU will not affect the validity or enforceability of any other provision, and any invalid provision will be severable, or will be deemed to be severable.

12. WAIVER AND AMENDMENTS

No action by any party to this MOU shall be construed as a waiver saving express written provision of such waiver, and this MOU shall not be amended saving express written provision of such amendment by all parties hereto.

13. RELATIONSHIP OF PARTIES

It is expressly agreed among the parties hereto that this MOU shall not confer employee status, agency, partnership or joint venturer status among or between any parties hereto for any purpose.

14. FURTHER ASSURANCES

The parties hereto agree to execute and deliver any further documents or assurances or to furnish any further information or perform any other act reasonably necessary to give full effect to the terms contained in this MOU.

15. COUNTERPART AND FACSIMILE

This MOU may be signed in counterpart or by facsimile in which case execution shall be valid.

16. TIME

Time shall in all respects be of the essence in this MOU.

17. EFFECTIVE DATE

This MOU is effective upon the date of execution by the parties hereto.

THIS MEMORANDUM shall enure to the benefit of and be binding upon the parties hereto, their heirs, executors, administrators, estates and assigns.

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IN WITNESS WHEREOF the parties hereto have executed this MOU by their respective officials, duly authorized, on the day and year first above written.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF

Carly MacNeil
WITNESS

MUNICIPALITY OF THE COUNTY OF
PICTOU

Ron Baillie
Ron Baillie, Warden

Brian Cullen
Brian Cullen, Chief Administrative
Officer

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF

Kelly Sloan
WITNESS

TOWN OF NEW GLASGOW

Barrie MacMillan
Barrie MacMillan, Mayor

Lisa MacDonald
Lisa MacDonald, Chief Administrative
Officer

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF

Joseph Hawes
WITNESS

TOWN OF PICTOU

Joseph F. Hawes
Joseph Hawes, Mayor

Scott Conrod
Scott Conrod, Chief Administrative
Officer

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF

Laura Vignault
WITNESS

) TOWN OF STELLARTON
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Joe Gennoe
Joseph Gennoe, Mayor

Joyce Eaton
Joyce Eaton, Town Clerk

SCHEDULE "A"

WHEREAS one or more of the Towns of Trenton and Westville desire to become parties to the MOU;

AND WHEREAS one or more of the Towns of Trenton and Westville have agreed to join the MOU as full participants, on the terms and conditions set out in the MOU;

BE IT THEREFORE RESOLVED that the Towns desiring to participate in the MOU shall by the signing of this Schedule, along with the Towns of New Glasgow, Pictou and Stellarton and the Municipality of the County of Pictou, hereby enter into the MOU on the substantive terms and conditions more fully set out in the MOU to which this Schedule is attached.

IN WITNESS WHEREOF the parties hereto have executed this Schedule to the MOU by their respective officials, duly authorized, effective on the day and year first above written.

**SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF**

TOWN OF WESTVILLE

WITNESS

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) **Roger MacKay, Mayor**
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) **Kelly Rice, CAO**
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**SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF**

TOWN OF TRENTON

WITNESS

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) **Glen MacKinnon, Mayor**
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) **Cathy MacGillivray, CAO**

