

**NOVA SCOTIA UTILITY AND REVIEW BOARD**



**IN THE MATTER OF THE MUNICIPAL GOVERNMENT ACT**

**- and -**

**IN THE MATTER OF AN APPLICATION** by the **TOWN OF PARRSBORO** for the  
Dissolution of the Town

**BEFORE:** Roberta J. Clarke, Q.C., Panel Chair  
David J. Almon, LL.B., Member  
Kulvinder S. Dhillon, P.Eng., Member

**COUNSEL:** **TOWN OF PARRSBORO**  
Peter Rogers, Q.C.

**MUNICIPALITY OF THE COUNTY OF CUMBERLAND**  
Peter Rogers, Q.C.

**PROVINCE OF NOVA SCOTIA**  
(Minister of Municipal Affairs)  
Duane A. Eddy, LL.B.

**BOARD COUNSEL:** Richard J. Melanson, LL.B.

**HEARING DATE:** March 30, 2016

**DECISION DATE:** **June 15, 2016**

**DECISION:** **Application is approved. Town shall be dissolved into the Municipality of the County of Cumberland effective November 1, 2016.**

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## I INTRODUCTION

[1] The Town of Parrsboro (“Town” or “Parrsboro”) filed an application under the *Municipal Government Act*, S.N.S. 1998, c. 18 (“Act” or “MGA”) with the Nova Scotia Utility and Review Board (“Board”) on October 5, 2015, for a Preliminary Order for the dissolution of the Town (“Application”).

[2] The Board held a Hearing for a Preliminary Order at the Royal Canadian Legion, Branch 45, in Parrsboro, Nova Scotia, on November 9, 2015, to determine, among other matters, who should be granted formal standing as a party, which studies should be prepared with respect to the Application, and to schedule the hearing on the merits.

[3] The Board issued a Preliminary Order on November 13, 2015, directing, among other items, the nature of the evidence to be filed by the parties and the studies to be prepared by the Town in advance of the hearing on the merits, as well as setting out the timeline leading to the hearing on the merits, including dates for the filing of evidence and the issuance of Information Requests (“IRs”). Orders amending the timetable were issued by the Board on December 8, 2015, and January 18, 2016.

[4] Formal standing in this proceeding was granted by the Board to the Municipality of the County of Cumberland (“Municipality” or “County” or “Cumberland”), and to Her Majesty the Queen in right of the Province of Nova Scotia as represented by the Minister of Municipal Affairs (“Province”).

[5] The filing of evidence and studies by the parties, as well as the filing of responses to IRs, was completed on March 22, 2016. The evidence included a 5 year financial forecast for the Town (if it remained undissolved) and a 5 year financial projection

for the Municipality if the Town is dissolved and combined with the Municipality (2016 - 2021). The initial report (Exhibit P-9) was amended in Exhibit P-17 to take into account the Letter of Intent, referred to below.

[6] The Province appointed John Leefe as the Transition Coordinator to assist the Town and Municipality through the dissolution process, including the coordination of studies and assisting the parties to reach agreement on issues arising from the dissolution. The dissolution process was managed for the parties by a Transition Committee, which included two representatives from each of the Town and the Municipality. A representative from the Province attended the meetings, but did not hold a right to vote.

[7] The Town, the Municipality and the Province executed a Letter of Intent on March 17, 2016, which was filed with the Board on March 18<sup>th</sup>. In effect, the parties reached agreement on the central issue that dissolution of the Town should occur. Further, the parties agreed on a number of other issues arising from the dissolution. The Letter of Intent is attached to this Decision as Schedule "A".

[8] Board Counsel retained Levy Casey Carter MacLean, Chartered Accountants ("Levy Casey"), to conduct an independent evaluation of the parties' financial projections related to the dissolution. Their initial report was filed on March 11, 2016, and an addendum to the report, reflecting the Letter of Intent provisions, was filed on March 24, 2016.

[9] The Board held the hearing on the merits at the Royal Canadian Legion, Branch 45, in Parrsboro, on March 30, 2016, and heard witnesses on behalf of the Town, Municipality and the Province. An evening session was also held on March 30<sup>th</sup> for

presentations from the public. An evening session in Upper Nappan, at the County's Council Chambers, scheduled for March 31<sup>st</sup> was cancelled when only one person registered for that session, who agreed to appear in Parrsboro on March 30<sup>th</sup> instead. That person subsequently withdrew the request to speak.

[10] The Town and Municipality were both represented at the hearing by Peter Rogers, Q.C. Duane A. Eddy, LL.B., acted as counsel for the Province. Board counsel, Richard J. Melanson, LL.B., was also present throughout the hearing.

## **II EVIDENCE**

[11] The Town and the Municipality filed most of the evidence in this matter, including Debt Affordability Models prepared by the Nova Scotia Municipal Finance Corporation, and reports from OPUS International Consultants (Canada) Limited ("OPUS") and Grant Thornton, their consultants. Some of the reports filed by the Town were prepared jointly with County officials. The Province filed only the Letter of Intent. Board Counsel consultant, Levy Casey, also filed reports.

[12] The Town and the Municipality presented a six person witness panel at the hearing on the merits to respond to questions from the Board. The witness panel was comprised of Ray Hickey, Chief Administrative Officer ("CAO") for the Town; Rennie Bugley, CAO of the Municipality; Andrew MacDonald, Director of Finance for the Municipality; Kim Livingston, CPA, CA, of Grant Thornton; Mark Peck, Executive Director Policy, Planning and Advisory Services, Department of Municipal Affairs; and Paul Wills, CEO and Treasurer of the Nova Scotia Municipal Finance Corporation, representing the Province.

[13] Ms. Livingston indicated that Grant Thornton was retained by the Transition Committee to provide an objective assessment of the financial situation of the Town in the event it does not dissolve, as well as the impact if it does dissolve. She was qualified to testify as an expert to provide opinion evidence to the Board on matters of accounting.

[14] Board Counsel called Greg Strange, CPA, CA, and David McKenna, CPA, CA, both of Levy Casey, to testify at the hearing. Both were qualified to provide opinion evidence as experts in the field of accounting and auditing with particular expertise in the area of municipal accounting and auditing.

[15] In the advertised Notice of Public Hearing, the public was advised that they could file written submissions with the Board, or appear at an evening session to outline their views regarding the application for dissolution. The Board received no letters of comment and only two persons spoke at the public session on March 30, 2016, as discussed below. The Board appreciates the time taken by the speakers to have their views made known.

[16] In order to provide an appropriate context for the Application, it is helpful to review the circumstances which led the Town to apply for dissolution.

### **Financial Circumstances**

[17] As Mr. Hickey testified, the Town questioned whether, in light of its declining and aging population, town status was the best form of governance. The Town faced challenges in its finances with declining revenue, and significant infrastructure needs, most particularly an expensive and necessary wastewater treatment facility. He also identified issues associated with insufficient staff expertise to carry out all the necessary

administrative and public works functions. Finances play a role in this area as well, as these human resources require appropriate compensation.

[18] Further, the commercial tax base of the Town is small and slightly declining. This impacts the revenue available.

[19] Town Council was aware of the recent dissolution of Springhill and saw its transition as a part of the County as successful. Parrsboro enjoys a good relationship with the County and Council believed it would be beneficial to look into possible dissolution.

[20] On August 26, 2015, Town Council passed a resolution, which stated, in part:

**AND WHEREAS** Council has now determined that its present governance structure no longer provides the necessary administrative and fiscal capacity to effectively meet the needs of its residents in the coming years;

**AND WHEREAS** Council believes its residents and community can benefit greatly from a new governance structure that is more responsive to the opportunities before it, while strengthening its ability to tackle future challenges in collaboration with another local government body;

...

**AND FURTHER BE IT RESOLVED** that the Town of Parrsboro's application will ask the Utility and Review Board to explore the merits of joining the Municipality of the County of Cumberland;

**AND FURTHER BE IT RESOLVED** that the Town of Parrsboro's application seek ways to enhance the long term viability and sustainability of the community of Parrsboro and a more prosperous path forward.

[Exhibit P-1, Tab F]

[21] Both Mr. Hickey and Mr. Bugley testified that there was broad support for the dissolution and resulting merger in each of the Town and County Councils.

[22] OPUS was engaged by the Transition Committee to conduct an infrastructure study ("OPUS Study") which was filed in this matter. The report contained a detailed assessment of the Town's public works, including streets and sidewalks

(including bridges); water treatment and distribution; wastewater collection and treatment; stormwater management; buildings; parks; and vehicles. The report also recommended a strategy for repair and replacement of the Town's capital assets. OPUS concluded that over the next five years, the Town would require capital investment of approximately \$16.7 million to upgrade and repair the capital assets including buildings, sanitary sewer, streets and stormwater, equipment and water utility assets.

[23] These various challenges were among the reasons for the Application by the Town for dissolution.

[24] The filed financial studies demonstrate the present and projected situation. They identified that the financial situation of the Town, on its own, could not be sustained. Before the Letter of Intent was filed, Grant Thornton and Levy Casey had both concluded that a combined municipality would be a viable entity.

[25] The Debt Affordability Models ("DAM"), filed and revised during the course of this proceeding, used unaudited 2014/15 fiscal year data with a ten year outlook. They showed Parrsboro *status quo* with significant operating deficits and very high debt service ratios due to flat revenue growth, and the significant infrastructure needs.

[26] The Town's audited financial statements to March 31, 2015, showed there were significant receivables outstanding. In its response to the Board's January 26, 2016 IR-11(a), the Town explained the increase in receivables:

a) Are the increases in receivables as a result of timing, or is there some other explanation?

*During Fiscal Year 2014-15, the Town was experiencing significant accounting issues, and receivables increased as a result of failure to file reports for provincial grants, HST recoveries, inter-municipal cost sharing. This problem was exacerbated by a required change to a new system of accounting software.*

[Exhibit P-8, p. 9]



This resulted in a significant increase in bank indebtedness with the use of short-term financing. Current indebtedness was stated to be approximately \$843,000.

[27] Mr. Rogers explored this with Mr. Hickey at the hearing:

Q. And there's various references in the material to, I guess, some delays in financial reporting. Can you just ... can you tie that to the last point you made about manpower capacity?

A. Yeah, definitely. I mean, we for ... since a date back to the 1980s, we used one type of software for our accounting services. And the person that provided that software passed away and we had to switch to new software, and that presented a challenge. Any time you do a software changeover, I think any organization, big and small, it's a significant challenge, and so that was a challenge for us. But it was magnified by the fact that, you know, we don't have an accountant on staff, we don't have an IT person on staff.

And making those changes, you know, it can be very difficult to get it through and get everything done in a timely fashion. That was definitely the case here, and it was a major factor in being delayed in some of the reporting that we were required to do so ...

Q. Yeah. And when were the audited statements for the fiscal year ending March 31, 2015 finally prepared - what month of time period roughly?

A. I think that was, well, early this year for 2015, yeah. And that stems back to a delay from the previous year and challenges with getting everything ready to be prepared for our auditors.

Q. Okay. And it's not just a matter of financial accounting, is it? It's had some practical consequences in terms of the actual line-items on the financial statements?

A. Well, it does impact transfers from other levels of government significantly. It impacts our revenues and our ability to pay our bills. So it's very relevant.

Q. There's reference in, I think, the Grant Thornton report, and I believe also the Casey Levy report to an item called "Other Receivables." And can you just talk about that?

A. Yeah. The Other Receivables is referencing essentially, like, a number of items that ... a number of pending revenues that are the result ... the receivables are increased over the past year waiting for transfers from other levels of government and other items. So we've got a list here such as HST Return, Revenue from the County of Cumberland, the RCMP, an Equalization Grant from the Province, Gas-Tax Revenue, and some other receivables.

So we tend to have a very strong collection rate on our taxes. We tend to ... so when we look at outstanding receivables, it's not a matter of our own in-house revenue typically. But this is the outstanding other receivables as a result of delayed reports and financial statements to other parties.

Q. I see. And so if you don't have the financial report, it has a consequence in terms of collecting from other governments. Is that the way it works?

A. Absolutely. The Province isn't going to provide us with an equalization grant if we haven't provided the proper accounting and reporting to them.

Q. I see.

A. So if that's delayed, then the revenue is delayed.

[Transcript, pp. 26-28]

[28] Grant Thornton elaborated on the Town's financial condition. It identified the required capital investment noted by OPUS as the single most significant item impacting the financial analysis. It also noted the Town's history of cash flow issues. Grant Thornton had reviewed the 2013/14 audited financial statements and made the following observations:

- There appears to be operational and financial issues based on the following items:
  - While the Town has no external long term debt, it is facing a cash flow issue. There is insufficient cash on hand to cover/pay outstanding balances of bank indebtedness \$270,533, current trade accounts payable \$117,441 and other liabilities of \$170,886.
  - Collections of taxes receivable do not appear to be an issue. Non-collection of outstanding 'other receivables' relating to amounts due from federal, provincial and other local governments totalling \$450,361 is the main issue for the cash shortage being incurred as of year-end. Through discussions with Town representatives it was determined that as of February 17, 2016 only \$119,499 of the \$450,361 had been collected. This amount was not collected until May 2015, which is subsequent to the 2015 fiscal year end. There were indications that the slow cash receipts were, in part, due to the Town not filing required financial information with the Federal government, the Province and the Municipality in a timely manner. The delays in filing were being attributed to the lack of staff capacity and/or resources.
  - Operating expenditures and some capital expenditures are being funded by bank indebtedness, as this amount has increased by \$118,320 since March 31, 2013.
  - March 31, 2014 saw overspending in four key areas:
    - i. Protective Services- RCMP and capital out of revenue costs,
    - ii. Transportation Services- roads, streets and capital out of revenue costs,
    - iii. Recreation and Cultural Services- salaries and capital out of revenue costs, and
    - iv. Fiscal services- transfers and provisions for vacation and sick time.

Given the nature of these expenditures (excluding possibly the transfers and capital out of revenue as they are a discretionary expense), it is not anticipated that future years will see a decrease in the amount of cash required to fund these expenditures, placing an anticipated further "cash strain" on the Town.

- Town general operating fund is operating with an overall nil accumulated surplus.

[Exhibit P-9, p. 15]

[29] Based on the unaudited 2014/15 statements, Grant Thornton made similar observations, citing a continuing significant cash flow issue and failure to collect outstanding receivables from other levels of government and other local governments, which exacerbated cash flow problems. It concluded with an overall observation:

- The financial situation of the Town continued to erode during fiscal 2015 and operational and financial issues are evident. The lack of other receivables collections appears to be causing significant cash flow issues. Expenditures continue to increase while revenues appear to be leveling off year over year.

[Exhibit P-9, p. 18]

[30] Grant Thornton further stated:

- In the recent years it has been brought to management and council's attention that there are concerns regarding the financial operations at the Town. The issues related to the accounting processes involve an accounting system conversion that resulted in inaccurate accounting balances, budgets not being prepared [on a] timely basis and bank and other account reconciliations that are not being prepared on a timely basis. Limited staffing levels and resources appear to be the main cause of untimely invoice preparation and untimely preparation and filing of required reports/financial statements, in turn resulting in significant cash flow issues as funding is being withheld until documents are filed.

[Exhibit P-9, p. 19]

[31] From its review of the five year DAM, Grant Thornton identified projected deficits due to relatively stable revenue and increases in expenditures, and likely reduction in Town reserve funds to cover infrastructure costs. Further, debt servicing ratios are projected to increase and exceed the legislative limit of 30% for borrowing if the capital expenditures are undertaken. Additionally, deficits in one year must be carried forward and funded in the next year. As a result, Grant Thornton anticipated that tax rates would have to increase, or services and programs would have to be reduced or cut.

[32] At the hearing, Mr. Hickey explained that the uncollected amounts associated with late filing or reporting were "absolutely collectible". With assistance from County staff, these were being addressed, he said. In response to a question from the

Board, he said the filing requirements would be completed “within the next couple of weeks”. These funds, when received, would accrue to Parrsboro.

[33] Levy Casey concluded from its review that the *status quo* for Parrsboro would not be viable in the long term if all of the infrastructure work recommended by OPUS is carried out. It also noted the short term bank indebtedness to address cash flow, and the anticipated increased deficits, contribute to a deterioration in the Town’s finances.

[34] Grant Thornton also reviewed projections for the “combined” municipal unit.

It noted the following:

- Due to the reduction in dissolution funding related to the former Town of Springhill in fiscal year 2020-21 as well as rising debt financing costs related to infrastructure requirements in Parrsboro, the combined model indicates that a deficit of \$709,105 will be incurred in 2020-21. In the years 2016-17 to 2019-20 the County does not incur a deficit and it is assumed to make transfers to reserves as noted above.
- Significant capital projects are budgeted with various funding sources identified including grants, operating and capital reserve funds, long term debt and other/leases.
- The proposed debt service costs of the new combined Municipality include significantly higher annual debt servicing costs, which continually rise throughout the 5 year projection period. This will put significant strain on operating finances and reserve levels. This is a direct consequence of additional debt servicing costs related to the infrastructure requirements for Parrsboro as determined by third party consultants (as seen in the Parrsboro model). These increased debt servicing costs result in a significant decrease in amounts available, over the 5 year period, to be set aside in reserve accounts as compared to the Cumberland Model.
- No significant changes anticipated to programs and services offered or human resource levels as a consequence of the dissolution.
- The combined model introduces a new area rate structure for Parrsboro. The County currently has other area rates in place for the recently dissolved community of Springhill.

[Exhibit P-9, p. 39]

[35] Grant Thornton concluded that the major impact will be a reduction in the amounts available for transfers to operating and capital reserves due to the Parrisboro infrastructure requirements.

[36] Levy Casey stated that there would be cost savings as a result of the combined model, but that there will be a reduction in revenues due to lower taxes (discussed elsewhere in this Decision). Levy Casey also opined that Parrisboro “would have a better chance of having infrastructure repairs completed if it were to amalgamate with Cumberland” (Exhibit P-13, p. 15), although there would likely be a decrease in operating reserves of the County.

[37] Levy Casey said that, without a letter of intent providing funding, “the projections show a worsening financial condition for the combined municipality” (Exhibit P-13, p. 5). On cross-examination, however, Mr. Strange confirmed he was not saying this was “an unwise dissolution and merger arrangement from the perspective of the County having regard to its finances”.

[38] Levy Casey concluded that it was likely that the residents of the Town would benefit from becoming a part of the County.

## **Taxes**

[39] Prior to the decision to apply for dissolution, Parrisboro Town Council decided to decrease its residential tax rate to \$1.75 and charge flat fees for certain services (solid waste, fire services and street lighting). Its intention was to more fairly distribute costs per household. For some residents, this resulted in a decrease in the total amount paid and for others, there was an increase.

[40] The financial projections used an even lower residential tax rate with an area rate, the total of which (\$1.52) was lower than the current Parrsboro rate; the base tax rate is also lower than the current base rate (\$1.04) for the County.

[41] It was acknowledged at the hearing that the setting of tax rates is a political decision. During the hearing, there was discussion about the calculation of the commercial and residential rates for Parrsboro:

MR. ROGERS: And I guess legally the tax rate, if the dissolution date is November the 1st, 2016, the first time there would in fact be a tax rate set under the combined entity would be sometime in the spring of 2017, is that correct?

MALE SPEAKER: Yes.

Q. And there's no firm commitment that's been made that would bind future Councils to your knowledge, is there?

MR. HICKEY: No. I mean, the setting of tax rates is the decision of the Council, so this is proposed but it's not ... (inaudible - fades out).

Q. Right. So it's fair to describe the commitment as, I guess, a political commitment made by the incumbent councillors that they're going to try to maintain the current rate of 1.04 for the general ratepayers, and not to impose a bigger burden than \$1.52 on the former Town ratepayers. Is that a fair way to put it? It's a political commitment as opposed to a legally binding one?

A. I'd say so. I think it's ... based on the evidence, I think it's a reasonably achievable suggested rate by those involved.

Q. Okay. And are you able to say why the decision was made to maintain the commercial tax rate at 3.85? Mr. MacDonald?

MR. MACDONALD: I believe the discussions with Council basically any of the savings resulting from dissolution should accrue to the Parrsboro area because Council essentially said that they would be happy that our tax rates remain the same for, you know, the period in the model.

Basically it was my understanding that the commercial tax rate in Parrsboro had basically ... should have been increased when business-occupancy tax was done away with a number of years ago. So it remained the same; thereby, the residential rate actually absorbed some of the business tax.

So it was felt that it would be fair to maintain the 3.85 in total for the commercial rate for Parrsboro. There would be savings because of the flat rates for street lights and solid waste and fire. And as well, we wanted to maintain the County's ratio between residential and commercial.

Q. Okay. And just explain what you mean by the ratio between residential and commercial?

A. So in the County, historically the difference between the residential rate and the commercial rate was a multiple of 2.53. So when we had absorbed Springhill, we had applied the same rationale so it was, you know, consistent with the Springhill area. So essentially applying that to Parrsboro leaving the 3.85 as-is and factoring in the multiple of the 2.53 gave us the total residential rate of \$1.52.

Q. Okay. And you mentioned Springhill. So was that idea of maintaining that ratio of 2.53 commercial relative to residential, was that determined at the time of the Springhill dissolution?

A. It was determined during our first budget deliberations last April when Springhill became part of the town. We had projected rates in the debt-affordability models as part of the hearing, and there was a bit of a differential that there was a lower base rate and a higher area rate.

Q. Yes.

A. And we basically harmonized, so essentially both communities were paying the same residential and commercial base rate, and then an area rate for services that were specific to the specific communities, either Springhill or the county.

Q. So in that budget ... I just want to be clear about this because this is a potentially confusing issue. The commercial combined rate was used in order to calculate the combined residential rate. Is that a fair summary of what you're saying?

A. Yes.

Q. Yeah. And we know in the modelling because it's in the report that that is broken out in the modelling into an area rate, for example for Parrsboro, of 65 cents, and a general or base rate of 87 cents.

But in point of fact, when the tax bills are issued ... for example, using Springhill because I take it you've issued a tax bill ...

A. Yes, yeah.

Q. ... what general rate is showing on that bill?

A. So in Springhill, they would see the general residential rate of 1.04 plus the area rate of ...

Q. Okay.

A. ... I believe it was 87 cents in Springhill.

Q. Okay. And in the modelling for the Springhill dissolution, I take it different general rate and area rate numbers were plugged into that modelling.

A. Yes, yeah.

Q. And do you anticipate the same thing will happen with Parrsboro? In other words, that when they get their first tax bill, they will see a general rate that is the same as the general rate for the Cumberland taxpayers?

A. Yes. That would be the ideal solution, that there would be a common general rate both for residential and commercial.

Q. Right.

A. I guess in the models, the residential rate for Parrsboro is the 87 cents plus the base rate for commercial is 3.20, whereas the base rate in the Municipality is 2.63.

Q. Right.

A. We had a bit of discussion and talked about the 65-cent area rate. So that 65 cents in the model applies both to residential assessment and commercial assessment. So it doesn't really observe that multiple of the 2.53.

If we factor that in and adjust the area rates to reflect the multiple and then go back and adjust the base rates, it really brings them more in line with what Cumberland's base rates are.

Q. Yes.

A. So essentially I think through the whole modelling process, we were looking at the total tax burden and didn't get too hung up on the breakdown between the area rate and the general rate and were focussing more on the 1.52 and the 3.85 for budgeting purposes.

Q. So the 1.52 ... I mean, for example, you could have used in the debt-affordability modelling, you could have used 1.04 for a base rate and 48 cents for the area rate, isn't that right?

A. Correct, yeah.

[Transcript, pp. 68-73]

[42] Board Counsel pursued this issue with Mr. MacDonald:

Q. Getting back to the tax rate, and I've heard the explanation, so if I understand it correctly, it was established at \$1.52. Essentially you were backing ... using the commercial rate to start off with at 3.85, correct?

A. (No audible response.)

Q. And then you were trying to harmonize that with the ratio between the commercial and residential that existed in the county, correct?

A. Correct.

Q. And from an overall perspective, you used the base rate of 87 cents and 65 cents for the area rate. But that number could be jiggled to any level that arrives at \$1.52. So it wasn't a straight exercise in determining what those costs are for the area rate of 65 cents. Would that be a fair way of looking at it?

MR. MACDONALD: We did identify the costs that makes up the 65 cents. But I think what we overlooked was we should have had a residential com ... residential area rate and a commercial area rate with respect to that 2.53 multiplier.

Q. Right.



A. And then that would have basically adjusted the base rates to be pretty much in line with what the current municipality's residential and commercial rates are. You know, I guess at the end of the day, we were looking at the total, you know, tax rate.

Q. Okay. But the \$1.52 is a decrease, at least a proposed \$1.52, is a decrease from what Parrsboro is currently paying at \$1.75, correct?

A. That's correct.

Q. And as was discussed in your evidence when dealing with Mr. Rogers' questions, obviously if the future Council decides that that is not something that is adequate to cover the costs in relation to Parrsboro, they can address that at that time?

A. Yeah. I guess there's the aspect of the area rate. We're only going to charge Parrsboro for the services that are over and above what would be received in the rural county. I guess eventually if we're running into deficits, we'd have to look at the overall general tax rates that would affect both the existing county and the Town of Parrsboro.

Q. Right. And as was discussed, if you increase the overall general base rate, the impact when you have the County rate base as opposed to the Parrsboro rate base, each cent collects more money on a percent basis.

A. Yes, yeah.

[Transcript, pp. 100-102]

[43] Mr. Strange testified that he accepted the explanation provided at the hearing, concluding that it would be up to a new council to determine the applicable rates.

### **Letter of Intent**

[44] The Town, the Municipality and the Province executed a Letter of Intent on March 17, 2016, which was filed with the Board on March 18, 2016. The Letter of Intent is attached to this Decision as Schedule "A".

[45] The Letter of Intent provides for continued equalization funding for five years (2017/18 to 2021/22, inclusive), at an amount no less than the current amounts. Mr. Peck confirmed this includes the \$50,000 Town Foundation Grant to which the Town is currently entitled. The total amount of equalization over the period is \$5,929,449. If the equalization allocation changes positively in the five year period, Mr. Peck said the combined unit would benefit.

[46] Under the Letter of Intent, the Province will provide \$1,550,000 for infrastructure improvements, of which \$1,345,000 is to be used for the wastewater treatment plant and expansion of the collection system, and the balance of which is for meeting water system regulatory requirements. The amount is to be paid over the same five year period. Mr. Peck confirmed that this amount can be used to leverage funds which are available from other programs. He further stated the Province will support the combined municipality in identifying such funding sources.

[47] The sum of \$1,072,500 over five years is provided for road works. Of this amount, \$247,500 is for operating costs, and the balance of \$825,000 is for capital.

[48] The Letter of Intent also provides for post-transitional expenses to be funded to a maximum of \$90,000 per year for five years. Such expenses must be over and above normal operating expenses. Further, up to \$375,000 is provided for pre-dissolution funding.

[49] Mr. Peck confirmed that the Letter of Intent does not cover any other infrastructure issues identified by OPUS. He also said that no funding will be paid until the fiscal year 2017/18.

[50] Once the Letter of Intent was executed, both Grant Thornton and Levy Casey prepared supplementary reports which took its provisions into account.

[51] Grant Thornton observed that the resulting reduction in the amount of capital borrowing for the specified infrastructure work will reduce the expenditures for debt servicing. It will also lower the amount of transfers from reserves.

[52] Levy Casey agreed that reduced debt servicing ratios would enable the combined municipality to borrow long-term rather than deplete its reserves. However, it amended its original report to provide:

The first two paragraphs of this section of our original report remain unchanged. The last paragraph is modified to:

*“The letter of intent funding allows the combined municipality to carry out the capital infrastructure improvements as recommended by the Opus report. The combined municipality is financially viable during the five-year period but would be improved if the tax rates for Parrsboro remained the same as they were previously or if the base rate was changed to be the same as the County.”* [Emphasis added]

[Exhibit P-22, p. 15]

### **Other Efficiencies**

[53] Based on the County’s experience to date with the former Town of Springhill, Mr. MacDonald noted that there were some efficiencies or savings gained with respect to Worker’s Compensation assessments and insurance. Similar efficiencies might be seen with Parrsboro. He also anticipated some efficiencies operationally, in finance and public works, as well as a reduction in some Council expenses, although the latter would be relatively minor.

### **Provincial Position**

[54] Mr. Eddy submitted that the dissolution was not only in the interest of both the Town and the Municipality, but in the interest of the Province:

...And just to reiterate the Province's position in each and every dissolution is that part of the mandate of the Minister through the Department of Municipal Affairs is to look at ways of creating sustainable models of government at reasonable levels of taxation.

Now the Board has heard from a number of witnesses from the Panel and has reviewed all of the evidence that has been submitted by the Town. And in conjunction with that are a number of reasons why dissolution in this particular circumstance is ... not only meets the test, but is in the interests of not only the Town and the County ... the Municipality of Cumberland, but it is also in the Province's interests as well.

And that should be an additional consideration of the Board in terms of the Province's interest in allowing communities to not only have opportunities to grow economically, but

also to provide the necessary infrastructure and capital improvements to sustain the municipal unit over the long term.

And based upon the evidence that you've reviewed in terms of the Letter of Intent which provides a number of funding commitments which will allow certain items such as capital improvements to occur without having to exceed to a large extent debt-servicing costs. Should dissolution occur, those will be drastically reduced in a combined municipal unit as opposed to the status quo.

[Transcript, pp. 219-220]

### III PUBLIC PRESENTATIONS

[55] Two persons, Stan Blenkhorn and David Christie, registered to speak at the public session and both voiced their opposition to the dissolution, maintaining a common disapproval about the consultation process.

[56] Mr. Blenkhorn, a resident of Parrsboro, described the application for dissolution as a process “for public information with the public not really having any opportunity to have any input.” He testified that he has worked with the Town administration for 12 years, noting that they always performed their work “admirably.”

[57] However, Mr. Blenkhorn admitted having differences with Mr. Hickey as CAO, suggesting that the Mayor and Council should have taken “appropriate steps to fix the problem.” He submitted that, in his opinion, because the Mayor and Council have not been doing a good job in running the Town for the past five or six years, that is not a good reason “for the Government of Nova Scotia nor the UARB to rule to have [the Town] dissolved.”

[58] David Christie, also a resident of Parrsboro, echoed much the same sentiment as Mr. Blenkhorn. He felt that the process was a “done deal” and noted that there was a high level of frustration when the motion was passed to dissolve the Town,

ignoring the input of those who would attend the meetings. He said there is a general consensus that the Town Council “as always, will do what they want and ignore public wishes.” He felt that if Parrsboro, the hub town for the Minas Shore residents, disappears, the voice the residents have with the Provincial Government disappears along with it. In his view, “a strong Parrsboro is a strong Minas Shore”.

#### IV ANALYSIS AND FINDINGS

##### (i) What test should the Board apply to an application for dissolution?

[59] Section 399 of the *Municipal Government Act* provides:

###### **Order for dissolution of town**

**399 (1)** After the application for dissolution is heard, the Board may dissolve the town upon such terms as it considers advisable.

- (2) The order of the Board dissolving a town shall
  - (a) declare that the area comprising the town be dissolved and be annexed to, and form part of, another municipality or municipalities;
  - (b) set out the effective date of the dissolution;
  - (c) determine that the area be an additional polling district or shall form part of another polling district of the municipality to which it is annexed;
  - (d) determine whether the area should continue as a village and, if so, provide for all things necessary to convert the former town to a village;
  - (e) direct the Director of Assessment to make any necessary adjustment in the assessment roll applicable to the area;
  - (f) make such determinations, issue such orders and directions and do or cause to be done all such other matters and things as, in the opinion of the Board, are necessary or incidental to the carrying out of the dissolution of the town.
- (3) An order of the Board may annex, amalgamate, continue or dissolve boards and commissions and allocate their assets as the Board considers fair.
- (4) The Board may make an interim order and reserve further directions.

[60] As noted by Mr. Rogers in his closing submissions, there is no express test set out in the *Act* for dissolution. Describing this as a consensual dissolution, he

suggested the Board should, in this instance, focus on whether it is expedient and sound. However, in this respect, the Board has found s. 398(1) of the statute to be instructive. In addition to studies under s. 398(1)(a) to assess the financial impact of the proposed dissolution, section 398(1)(b) makes reference to the Board's authority in its Preliminary Order to order studies as may appear relevant to a decision on the "necessity or expediency" of dissolution.

[61] The Board considers that after weighing the financial impact of dissolution, as well as the necessity or expediency of dissolution, it may order the Town to be dissolved if it considers it to be in the best interests of the residents of both the Town and the Municipality: see also *Re Town of Canso*, 2012 NSUARB 16, para. 25; *Re Town of Springhill*, 2015 NSUARB 12; and *Re Town of Hantsport*, 2015 NSUARB 154.

**(ii) Should the Town of Parrsboro be dissolved?**

[62] As previously noted, the Town, the Municipality and the Province have arrived at a settlement respecting the Application in the form of the Letter of Intent. They have agreed on the central issue that dissolution of the Town should occur.

[63] Some members of the public were disappointed with the process which led to the making of the decision by Town Council to apply for dissolution. The Board has no authority over the process adopted by a town council to consider dissolution. The Board notes that Council held a number of public meetings in addition to its regular meetings. As well, it provided community newsletters to residents. The Board acknowledges that some residents felt skeptical about the process and the sufficiency of information.

## **Findings**

[64] The settlement reached by the Town, Municipality and Province represents a comprehensive resolution of most issues arising from the dissolution, with only a few outstanding items outlined below.

[65] The proposed settlement also comes at the conclusion of a thorough review of the Town's assets, liabilities, services, policies and by-laws. A number of studies were conducted respecting the Town's financial operations and its infrastructure, including its properties, as well as its water utility. The results of the review have, in many cases, been incorporated into elements of the proposed settlement.

[66] The social impact of the Town's dissolution upon its residents was also examined.

[67] The total impact on the Municipality, including the financial impact, has also been considered.

[68] In the context of the future cooperation that is required to ensure a successful merger of the dissolved Town and the Municipality, the Board considers that the settlement will generally benefit all affected residents. The Board notes that the Municipality has expressed its support and is receptive to Parrsboro becoming a part of the Municipality. The Board considers a receptive municipal unit will increase the likelihood of the future success of the combined unit.

[69] Finally, the proposed settlement involves the significant support of the Province, which continues for five years. This will provide stability for residents of the dissolved Town and the Municipality as they transition to a new municipal unit.

[70] In its Decision related to Nova Scotia Power Incorporated (“NSPI”), dated November 5, 2008, the Board outlined its general approach to settlement agreements submitted to it for approval:

[12] The Board's *Regulatory Rules* facilitate settlement discussions. The Board welcomes and appreciates the efforts of parties to, in good faith, settle issues, even where, as sometimes happens, a settlement cannot be ultimately achieved.

[13] Where, as here, the Agreement is supported by representatives of all of the customer classes, the Board can have confidence that the Agreement is in the public interest.

[14] Customers of NSPI and members of the public are, perhaps understandably, wary of the settlement process. Many of those customers and members of the public may not appreciate that by the time the hearing commences 80% of the rate hearing process has already happened. NSPI filed extensive evidence, as required by the Board, to support its rate request. Interested parties and Board Staff asked NSPI many hundreds of written questions (Information Requests), to which responses were filed.

[15] All of the parties who chose to do so filed evidence, including expert evidence. Written questions (Information Requests) have been asked of and answered by interested parties who filed evidence. NSPI filed reply evidence. As noted, all of this happened before the hearing was scheduled to begin so that the parties and the Board are well informed about the case in advance of any oral public hearing.

[16] The public can rest assured that the Board Members hearing the matter have also thoroughly reviewed all of the material in advance of coming to a decision as to whether to approve the Agreement as being in the public interest.

[17] Settlement agreements, while relatively new in regulatory matters before the Board, are common in the litigation process. Within the Board's adjudicative mandate, for example, assessment appeals, planning appeals and other matters are often settled. In the civil courts of Nova Scotia, a much higher percentage of cases are settled than go to trial.

[18] That is not to say that the Board would hesitate to reject a settlement agreement it did not consider to be in the public interest, however, it should be understood that a properly supported settlement is a success of the regulatory process, not a failure.

[Board Decision, 2008 NSUARB 140]

[71] The Board considers that similar principles apply in this proceeding.

[72] As noted earlier in this Decision, the Board heard evidence at the hearing, and in studies filed in evidence, about the Town's financial condition, and the state of its infrastructure. The Board also heard evidence of the challenges in the administration and human resources of the Town.



[73] With the anticipated savings as a result of annexing Parrsboro to the Municipality, and with the Province's support, it appears the combined Municipality will be viable. In the view of the Board, the efficiencies gained through the union of the municipal units will improve the ability of the area residents to meet the challenges and opportunities of the future.

[74] The Board is satisfied that the settlement provisions contained in the Letter of Intent are generally reasonable and appropriate and should form the basis of the terms of dissolution.

[75] The Board notes here that Article 9(1) of the Letter of Intent states that the terms are not intended to create legally enforceable obligations. However, Article 9(3) provides that the agreement becomes effective only upon an Order of the Board to dissolve the Town. The Board understands that the Province intended its commitments to remain in effect if dissolution was, in fact, ordered by the Board. Mr. Eddy, counsel for the Province, confirmed the above understanding at the hearing. The Board considers the Province's commitments are integral to the successful dissolution of the Town, and it so orders.

[76] The Board considers it appropriate to comment with respect to taxes. The determination of tax rates is within the jurisdiction of the municipal unit and is done by council, taking many things into consideration.

[77] The evidence before the Board which speaks of a lower residential rate for Parrsboro bears a cautionary note that, ultimately, this is a political decision.

[78] As noted earlier, the Board may consider the financial, social or other aspects of the Application to determine whether it is in the best interests of the residents of both the Town and the receiving municipality to order dissolution.

[79] In the Board's view, its assessment of the financial factors lead it to conclude that the circumstances of the Town are such that the expedient option for the area residents is that Parrsboro be dissolved. However, there are also non-financial factors which would benefit the Town's residents. These factors include social or other aspects of the Application, such as stability in funding and governance support for community or recreational organizations and programs, as well as support for the Town's human resource complement, which is currently understaffed and unable to adequately meet the needs of Town residents. The administrative and governance support received from a larger municipal unit will allow the Town to meet existing demands and to confront the future challenges faced by the area.

[80] Taking into account all of the evidence and the submissions of the parties, the Board is satisfied that the dissolution of the Town is in the best interests of the residents of the Town and of the Municipality. Given the financial, administrative and infrastructure challenges that are facing the Town, the Board considers it necessary and expedient, as contemplated in s. 398(1)(b) of the *MGA*, to order dissolution of the Town into the Municipality effective November 1, 2016.

**(iii) Other items requiring direction from the Board**

**1.1** There are a few other matters which were canvassed during the proceeding. On some issues, findings of the Board are specifically required under the legislation.

**a) Policing**

[81] The impact of the dissolution of the Town will have an impact on policing within the Town of Parrsboro.

[82] In the evidence, the Board notes that the current state of policing in the Town provides for the following:

The Town of Parrsboro is currently policed by a 3-member RCMP police force under contract with the Government of Canada through a Municipal Services Police Agreement (MPSA). The agreement was recently renewed in 2012 for a further 20 years. Under the MPSA, the Town pays a fee to the federal government for 3 officers at 70% of their cost, and is responsible to provide or pay the cost of other services such as an office, administrative support, jail cells, and officer overtime. These are in addition to being required to pay for other services when requested like dive teams, major crime unit, etc. The Municipality of Cumberland contracts with the Province of Nova Scotia for its RCMP policing services through a Provincial Policing Services Agreement (PPSA). Cumberland presently has office detachments and twenty-six members in West Amherst, Pugwash, Oxford and Springhill that provide services to all of Cumberland County outside of the Towns of Amherst, Oxford and Parrsboro.

[Exhibit P-3, Tab 5]

[83] If dissolution were to be approved, the Town and the Municipality agree that the future of policing of Parrsboro will need to be determined.

[84] As noted by the Town and confirmed by the Municipality during the hearing, the existing policing services would continue; it would simply change from the Municipal Services Police Agreement to the Provincial Policing Services Agreement, which would govern the terms and conditions of police services.

[85] Under the *Police Act*, S.N.S. 2004, c 31, the Minister of Justice reviews policing services in a municipality. In a letter dated December 22, 2015 (Exhibit P-3, Tab 5), Tilley Pillay, Deputy Minister of Justice for the Province, confirmed that the RCMP proposal would provide adequate, efficient and effective policing levels for Parrsboro and Cumberland.

[86] The Board notes the evidence of the RCMP about the present and proposed policing services in Parrsboro:

The RCMP currently provides policing services to the Town of Parrsboro under the Municipal Police Service Agreement (MPSA) and the Municipality of the County of Cumberland under the Provincial Police Service Agreement (PPSA). The Town is currently policed under the Cumberland County District Policing Model; served by the Cumberland County District Commander and the Parrsboro Detachment. This full service detachment offers core administrative support, guidance and supervision to the members, and serves as a location for deployment of general duty members.

In consideration of geography and in the interest of maintaining an efficient, effective, and highly visible police service, the RCMP would recommend Parrsboro remain within this structure. Under this model, RCMP Officers would continue to provide 17-18 hours per day patrol coverage and on-call service to residents of Parrsboro.

[Exhibit P-3, Tab 5, Appendix "D", p.1]

[87] The Town and Municipality confirmed that if dissolution occurs, the future policing model chosen will include a local office presence and similar or better service coverage.

### **Finding**

[88] Taking into account all of the evidence before it, the Board is satisfied that the policing arrangements which have been concluded are satisfactory, as confirmed by the Deputy Minister of Justice.

### **b) Fire Services**

[89] The Parrsboro Volunteer Fire Department ("Fire Department"), including the attached community hall, vehicles and equipment have been funded jointly by the Town and the Municipality, under the terms of a long-term operating and capital funding agreement, signed in 2008.

[90] The Agreement recognizes that the Fire Department provides direct service to County areas between 13 kilometres and 18 kilometres from the Fire Hall in three directions, including emergency response along the Fundy Shore. The Department provides automatic response to fire calls in FPW (Fox River, Port Greville and Wards

Brook), Southhampton and Springhill, and is part of county-wide fire response and training activities.

[91] The Fire Department supports the Nova Scotia Department of Natural Resources for forest fire response. In addition, the Fire Department provides Certified Medical First Responders and responds to support the one ambulance based in Parrsboro.

[92] The Fire Department has a 2015/16 operating budget of approximately \$158,000, which includes about \$69,000 paid to the Parrsboro Water Utility, as a fire protection charge.

[93] The Fire Department utilizes a number of vehicles and related equipment, all of which are stored in the fire hall constructed in 1989, and enlarged in 1995, including more community hall space and a large kitchen.

[94] In the event of dissolution, the Fire Department would continue to have access to existing resources, programs and financial capacity, available within the Municipality. As well, the Fire Department would continue to provide the current level of service to the residents of the former Town and surrounding areas.

[95] In a report submitted by the Parrsboro/Cumberland Transition Committee it was stated how the dissolution will impact on cost/service delivery:

Should dissolution be approved for late 2016, the Parrsboro Fire Department would continue to provide the current level of service to the residents of the former Town and surrounding area. The Fire Chief and other volunteers will be engaged in the transition process and the Department will continue to operate under the organizational structure in place today.

The assets of the Fire Department currently owned by the Town would transfer initially to the Municipality in the same way that other assets will switch to the merged unit. The assets held by the volunteer fire department itself would continue to be held separately, as it the case for other Cumberland County fire departments and societies. Administrative staff supports to the operation (accounting in particular) would also be maintained until these are reviewed as part of the merger of Town and County organizations. The Municipality of

Cumberland would ensure that services currently provided by the Town to the volunteer Department are maintained, to ensure the level of service provided currently is protected.

The current general financial projections for the creation of a merged municipal unit include a transfer of the operating budget, for the Parrsboro Fire Department and the \$125 per property Fire Rate revenue. Dispatching, currently provided by Valley Communications, would be transferred as part of the overall Cumberland County dispatch service, also contracted by the Municipality. This transfer, which has already been initiated by Parrsboro and Cumberland for operational reasons, will improve the coordination of mutual aid calls.

[Exhibit P-3, Tab 4, p.2]

[96] In the report, it was stated that the Fire Department, currently, has a policy of supporting volunteers through honoraria, at an annual cost of \$12,000, which will be accommodated, initially, within the Municipality's fire-fighting programs as part of the transition process. While the Municipality's policy framework, and funding of fire services through the General Tax Rate, does not provide for honoraria, it does provide training incentives and other related supports.

[97] The report further noted that:

...if the honorarium system in the Parrsboro Department cannot be accommodated through the County's general tax rate and firefighting policy framework, then similar arrangements could be made to fund these through an area rate for the former Town.

[Exhibit P-3, Tab 4]

### **Finding**

[98] A necessary consequence of the dissolution is that the assets of the Fire Department will be transferred to the Municipality. The Board is satisfied that the transition of the Town's fire services to the Municipality has been adequately addressed.

### **c) Road and Streets**

[99] The Town owns and maintains all streets and sidewalks within its boundaries. According to the Application and OPUS report, the Town has 29.75 km of asphalt streets, 1.5 km of gravel streets and 4.2 km of sidewalks.

[100] The Nova Scotia Department of Transportation and Infrastructure Renewal (“TIR”) carried out a study to determine the condition of streets in the Town. This study estimated that over 10 years, Parrsboro streets would need an investment of approximately \$2.5 million to provide reasonable service. The OPUS report estimated the cost of street and sidewalk upgrading to be in the order of \$2.76 million. The OPUS report also noted that the Town owns a bridge called the Aboiteau Bridge, and estimated the replacement cost of the bridge as \$100,000. However, it noted that this cost estimate was provided by the Town and no independent assessment has been done by OPUS.

[101] The Letter of Intent provides funding to upgrade and maintain the streets in the Town. The agreement states that the Province will contribute \$825,000 for upgrading and \$247,000 for maintenance over five years for streets in the Town.

[102] The Municipality has noted that it plans to keep the Town’s current staff to maintain the streets and sidewalks in the Town.

### **Finding**

[103] The Board is satisfied that the Municipality has made reasonable arrangements to maintain the Town’s streets and sidewalks after it assumes ownership upon dissolution.

#### **d) Water Utility**

[104] The Parrsboro Water Utility (“Utility”) will be transferred to the Municipality as a part of dissolution. The Water Utility is regulated by the Board under the *Public Utilities Act*, R.S.N.S 1989, c. 380, and is not directly impacted by the dissolution of the Town.

[105] The Town currently owns and operates the Water Utility, which provides potable water and water for fire protection in the Town. The Utility has not had a rate increase since April 1, 1999, and the Applicant noted that it is overdue for a rate study, as recently revenues have not been matching costs. In addition, the Utility has not implemented water metering and bills on flat rates, which, as noted during the public presentations, does not promote water conservation. Mr. Hickey confirmed during the hearing that the preparation of a water rate application has begun. When filed with the Board, it will be considered as a part of a separate process and decision.

[106] Since April 1, 2015, the Municipality has administered the Springhill Water Utility, as a result of the dissolution of the Town of Springhill. The Municipality is also currently developing a water supply system for Pugwash.

[107] The Utility is presently managed by Town Council. It was indicated in the Governance of the Water Utility Report that upon dissolution, there would be a need to establish a new board for the Utility, at which time the Municipality may consider establishing joint boards for the three water utilities which could be under its administration. It was further noted that the Utility would be supported by its current workforce, as well as the general engineering support that currently exists within both the Town and the Municipality.

### **Finding**

[108] The Board has considered the evidence filed and is satisfied that the Municipality is making appropriate arrangements to operate the Utility after dissolution.



**e) Sanitary Sewer and Wastewater**

[109] The Town operates a wastewater collection system, serving businesses and approximately 300 of the 700 residences in the Town, primarily those located in the downtown area, with outfalls into the Parrsboro Harbour. The remaining dwellings are serviced by private septic systems, with some private pipes flowing directly into the Harbour.

[110] The costs associated with operating the wastewater collection and treatment system are recovered through an annual charge per household/business of \$205.

[111] In order to meet Federal Guidelines, the Town must update its wastewater treatment process by 2020. It is currently estimated that the necessary infrastructure, including a new wastewater treatment plant and associated collection system upgrades, will cost in excess of \$8 million. The work also includes an expansion of the sewer system network to service 80 percent of the homes in the Town, as set out in the Letter of Intent.

[112] The Municipality currently owns nine municipal wastewater treatment systems, as well as being responsible for the operation of a leachate treatment plant and a facility for the receipt and treatment of septage, both at the landfill site. If the Town is dissolved, it is expected that the operation and maintenance of its Public Works, including the wastewater system, will continue to be provided through the staff of the former Town's Public Works Department.

[113] The full costs of the municipal wastewater systems are recovered through unit rates assessed to the users. It is estimated that upon dissolution, the current policy for funding wastewater service in the Municipality would continue to be the model. Based

upon this, the proposed Parrsboro sewer charge per household would double to \$410, using current estimates of operating and capital costs, including the proposed wastewater treatment plant and system upgrades and expansion.

**Finding**

[114] The Board is satisfied with the Municipality's plan to operate the Parrsboro wastewater system, which will require significant upgrades in the near future.

**f) Solid Waste Collection and Disposal**

[115] The Town has a contract to collect solid waste, composting and recycling with a private contractor. The current annual cost for these services is \$43,000. The Town shares, with three other municipalities, the landfill at the Little Forks facility, to receive and dispose of the solid waste, recycling and composting material. The Annual tipping fee for these services for the Town is also \$43,000. The cost to the Town's residents is \$120 per household.

[116] The Municipality has indicated that it will continue to provide the current services and will enter into a new agreement with the existing service provider, if necessary.

[117] The Municipality has proposed that the current user fee will continue in the Town upon dissolution. For the 2017/18 fiscal year, the Municipality plans to review the user fee and may incorporate this fee into its overall general rate.

**Finding**

[118] The Board is satisfied that the Municipality has made the necessary arrangements to provide solid waste, recycling and composting services in the Town after dissolution.

**g) Streetlights**

[119] The Town rents its street lights from NSPI and has a budget of \$55,000 for fiscal year 2015/16. The cost of street lights is recovered through an annual user fee for individual properties at \$125 for residential and \$150 for commercial properties.

[120] The Municipality also rents street lights from NSPI; however, it has different area rates for individual communities. The Municipality administers this service through its Streetlight Policy 08-01. The annual area rates vary from \$30 to \$90 per household per year.

[121] The Town had partnered with NSPI to conduct a pilot project for LED street lighting. The project went well and the Town has now joined with the Municipality through the Cumberland Energy Authority to purchase its rented street lights from NSPI. This process is still underway.

[122] The Municipality plans to honour the current Parrsboro agreement with NSPI to provide streetlight services. However, in future, the Municipality may purchase street lights from NSPI and provide this service under its Streetlight Policy.

**Finding**

[123] The Board is satisfied that the Municipality has a reasonable proposal to provide streetlights in the Town.

#### **h) Social Impact/Community Organizations**

[124] By a vote of 102 to 77, Parrsboro was incorporated as a town on July 15, 1889. Located on the shores of the Minas Basin and the Bay of Fundy, it has been a commercial and service centre for the population of the Fundy shore for many years.

[125] According to Statistics Canada census data, the population declined from 1,401 in 2006 to 1,305 in 2011. In outlining its reasons for the Application, the Town said the population had decreased by 14.6% since 2001, and that it expected the decline in Parrsboro to continue. Further, the Town said 26.1% of its population is over 65 years of age and the median age of the population is 50.2 years, which is 7.5 years older than the provincial median.

[126] The Town is home to the Ship's Company Theatre and the Fundy Geological Museum, both of which attract tourism to the Town, providing economic benefits.

[127] The Town is also the owner of Glooscap Park campground, the Public Library (operated by the Cumberland Regional Library Board), a community garden adjacent to the Town Hall, and a park on the former Scott Paper Mill property.

[128] Parrsboro makes grants to various community organizations including the Theatre, Museum, the Parrsboro Band Association, and the Parrsboro Historical Society. It also grants tax exemption to certain benevolent clubs such as the Lions Club, and provides snow clearing at the Lions Arena in exchange for weekly public skating time. The Town's Recreation Department assists groups and individuals with various recreation activities.

[129] According to the evidence, from time to time the Town and the Municipality, as well as other organizations, partner on activities.

[130] Educational services are provided by the Chignecto-Central Regional School Board, which would not change in the event of dissolution.

[131] Mr. Hickey testified that the Parrsboro "community" is larger than what lies within the official boundaries of the Town. He said the library, recreational and other facilities are used by many who live in the Fundy Shore area, which is part of the County.

[132] As part of the process leading to this Application, the Transition Committee held an Organizations Workshop on December 9, 2015, to which it invited some thirty organizations. It appears about eight organizations were represented at the workshop. Several concerns were identified, including continuation of municipal tax exemptions; maintenance of regular communications; development of plans and programs to improve economic development and tourism; and continued engagement of youth. Mr. Hickey testified that feedback from the meeting was positive.

[133] The evidence filed with the Board (Exhibit P-3, Tab 14) stated:

The Town of Parrsboro has a history of supporting local organizations directly, and in directly, and the Municipality has resources to continue and further these initiatives. As examples, the Municipality has regular annual grant programs for community groups, including the Grants to Organizations Policy and the provision of Community Development Grants. The latter are available to non-profit groups for sport, recreation, culture, education and community initiatives. Another example would be the December 2015 decision by Cumberland Council to partner with the Town Parrsboro on a ten month contract for project facilitation services aimed at tourism enhancement along the Fundy Shore and raising community awareness for enhancing economic development. This agreement, which recognizes the importance of Parrsboro as regional service centre in a key tourism development area within Cumberland County, will engage a number of community organizations in economic activities over the coming months. Finally, the Municipality has full time Community Development and Recreation staff that will engage with Parrsboro area organizations to develop their program activities with the larger community.

[Exhibit P-3, Tab 14, pp. 2-3]

[134] At the hearing, Mr. Bugley testified about positive benefits and opportunities from “dissolution-mergers”, saying in part:

...And again from that perspective, you know, we can provide the level of service required to people. And that's what municipalities really are all about is providing service to people. But again, we look at it as an opportunity for recreation programs, social programs, again to provide service to people. So we think we can actually help with the quality of life of people, the current residents of the current Town of Parrsboro.

[Transcript, p. 33]

[135] In addition, the Town has representation on a number of regional authorities which will be impacted by dissolution. In its evidence, the Town stated that any new required appointments would be made by the County and where there are boards with “significant Parrsboro interest”, the Councillor representing the area would be consulted, or perhaps even serve on external boards. It was also suggested that there would be increased opportunity for citizens to serve on some boards.

[136] In his closing submissions, Mr. Rogers described social community aspects:

CHAIR: Thank you, Mr. Rogers. Before I hear from other counsel, it's my observation throughout your presentation that a lot of your focus was on the financial aspects of this. And the Board generally also considers other aspects as well as financial such as social and community and so on. Did you have any submissions or comments to make in that regard?

MR. ROGERS: I'm glad you highlighted that I neglected to go over that. I thought Mr. Hickey in particular, but also Mr. Bugley, but the two of them, I asked them fairly early on in the Panel evidence about those issues.

And I thought it was very clear from their evidence just what a strong community of interest there is between the Town and the nearby residents of the County how many different types of services are overlapping and crossing those boundaries and how, to a large extent, those boundaries aren't meaningful for purposes other than the formalities of municipal government - things like recreation where there's an arena here, tennis courts here, and services of that nature, the fire department overlapping the boundaries, the library zone overlapping the boundaries, and so on and so forth. And there were a lot of examples given by Mr. Hickey about that.

So I think this is a case where there is a very obvious community of interest and a sense of ... one doesn't sense here as perhaps one does in some of the other dissolution applications that there is a feeling of mistrust on the part of the bulk of the Town residents in relation to the county residents or vice versa.

There seems to be a very healthy and positive relationship. And I think the social aspects of this integration are ... they're almost as positive as one could imagine in any of the dissolution cases.

[Transcript, pp. 212-213]

### **Findings**

[137] The Board observes that the Town and surrounding areas already have significant interconnection through community facilities and organizations, including regional organizations.

[138] The Board is satisfied that these will continue to exist as a vital part of the community, with support from the citizens and financial support, as appropriate, from the Municipality.

[139] Parrsboro's citizens are justifiably proud of amenities and attractions such as the Theatre, the Museum, the Citizens' Band and Glooscap Park. The dissolution of the Town will not, in the Board's view, mean the loss of community. What makes a community is not the form of governance, but the people who live there and work together.

[140] In its decision on the dissolution of Springhill, which involved the same Municipality, the Board said:

[119] It is certain that there will be a period of transition and adjustment as a result of dissolution for both Springhillers and residents of the Municipality. The Board considers that the citizens of Springhill want to ensure they have the appropriate level of services in a successful community. Undoubtedly, the citizens of the Municipality want the same thing. It is the expectation of the Board that, after dissolution, the citizens of Springhill will work, as resiliently and co-operatively as they have in the face of past challenges, to ensure the success of both their community and the Municipality of which they will become an important part.

[Board Decision, 2015 NSUARB 12, p. 33]

[141] The Board is confident that this applies equally to Parrsboro and Cumberland.

[142] The Board observes that Mayor Smith expressed similar sentiments at the August public meetings in Parrsboro:

...whatever direction we choose, one thing that will not change is the strength of the Parrsboro community.

Community is about people. It's about our shared experience, our culture and our history.

How our government is structured, or the names of the politicians around the table, don't affect the strength of our community.

[Exhibit P-1, Tab G, p. 2 (August 13, 2015)]

Whatever decision we make as a Council, it won't change our community. We are committed to ensuring our community remains healthy and vibrant.

[Exhibit P-1, Tab G, p. 1 (August 26, 2015)]

### **i) Municipal Governance**

[143] The Board must also address how dissolution will affect the governance of the combined Municipality (i.e., the number of councillors and polling districts on Municipal Council, and the boundaries of the polling districts).

[144] The provisions of the *MGA* dealing with the configuration of polling districts following dissolution are as follows:

#### **Order for dissolution of town**

**399(2)** The order of the Board dissolving a town shall

...

- (c) determine that the area be an additional polling district or shall form part of another polling district of the municipality to which it is annexed;

#### **Electors and polling districts**

**400(1)** Where an order of the Board results in the dissolved town being one additional polling district, until the next regular election of councillors, the mayor of the town dissolved is the councillor for the district.

**(2)** Where an order of the Board results in the dissolved town being more than one additional ward or polling district, a special election shall be conducted by the returning officer of the municipality to which the dissolved town has been annexed in accordance with the *Municipal Elections Act*.



[145] However, s. 399(2)(f) also confers upon the Board a broad power to make such other orders and directions as are necessary or incidental to the carrying out of the dissolution.

[146] In a preliminary hearing on January 22, 2016, held jointly by the Board panel in this matter with the Board panel hearing the Application for the proposed amalgamation of four municipal units in Pictou County, the Board considered the effective date of dissolution and its impact on the holding of municipal elections in October 2016. After hearing from the parties on the issue of the Board's jurisdiction, and receiving submissions, the respective Board panels advised the parties by letter of February 4, 2016 that:

...they are satisfied that the Board does have the jurisdiction to create polling districts for the purposes of the October 2016 municipal elections in relation to municipal units which, if amalgamation or dissolution is approved, would effectively only come into existence after the election.

[147] Currently, the Town has four councillors, elected at large, plus the Mayor. Municipal Council is comprised of 12 councillors from 12 polling districts, including the Warden elected from among the councillors.

[148] The Board understands that the Town had not commenced the review mandated by the *MGA* every eight years.

[149] The Municipality conducted its mandatory review after the Board ordered the dissolution of Springhill. The Board had ordered that Springhill be divided into two polling districts and that a special election be held.

[150] In July 2015, the Board heard the County's application under s. 369 of the *MGA*. The County proposed to maintain twelve polling districts, with the former Town of

Springhill continuing to have two polling districts. The Board accepted the proposal stating:

...The Board accepts the twelve member council option as more appropriate for the Municipality, although it recognizes that, at some future date, Council should give serious consideration to possibly reducing its size. Due to the dissolution of the Town of Springhill, and its integration into the governance of the Municipality, the Board considers it is important to have a period of some stability and adequate representation for Springhill residents, as the consequences of its absorption into the Municipality are addressed.

[2015 NSUARB 196, p. 13]

[151] The Town advised there had been informal discussions between it and the Municipality regarding the number of councillors and electoral boundaries which would take effect, if the Town were to be dissolved, after the October 2016 municipal election.

[152] In response to Board IR-17(b) (Exhibit P-2), the Town said:

...voter percentages would suggest that Parrsboro could have one seat on a new Cumberland council, if the former Town retained its boundaries as a new electoral district. There has also been discussion about the possibility of including Parrsboro within a district comprised of the portion of Cumberland District 10 between Parrsboro and the Colchester County line, leaving the rest of District 10, which is geographically very large, unchanged...

[153] The subsequent governance report (Exhibit P-3, Tab 12) noted that the average number of electors for councillor in the County is 1,177. It stated that if Parrsboro were to dissolve and become a thirteenth polling district, this would result in a variance of -20.8% in parity. The report continued:

...Although this results in a variance from the Board's 10% guideline, it would essentially be consistent with the approach underlying the Board's order in respect of Springhill with its two electoral districts. The variance from 10% is in the opposite direction in this instance as Parrsboro has considerably fewer electors than the average Cumberland district.

...

If the Board agrees with having Parrsboro as a stand-alone electoral district in its inaugural election as part of Cumberland, the Board could consider this option as a short term solution, and require the Municipality to conduct another electoral boundary review prior to the 2020 municipal elections, to deal with imbalances in electoral district size resulting from

the merger with Parrsboro in 2016, and to deal with possible reduction in the size of Council which is arguably becoming too large due to the Springhill and Parrsboro dissolutions.

[Exhibit P-3, Tab 12, pp. 1-2]

[154] At the hearing, Mr. Bugley confirmed that having Parrsboro as one district remained the plan, and that it would avoid the need for further changes in district boundaries before the October 2016 election.

[155] At the evening session, Mr. Blenkhorn noted he had hoped the Town would undertake a governance study with appropriate public participation.

[156] In his submissions, Mr. Rogers described the proposal as a practical outcome. Further, he requested that the Board, if dissolution is approved, direct that the Town's returning officer for the October 2016 election "hand off" to the County's returning officer, once the Board's order is issued, to ensure the election be carried out under the new governance model. He submitted that the Board has the jurisdiction under s. 399(2)(f) of the *MGA* to order that the election take place in October, as if dissolution had been effected.

### **Findings**

[157] As noted above, s. 399(2)(f) of the *MGA* authorizes the Board to order what it considers necessary for the efficient dissolution of the Town. The Board has taken into account the number of electors, and the decision of the Board in *Re Springhill*, as well as its recent decision on the County's application under s. 369 of the *MGA*. The Board has also considered that the proposed effective date for dissolution, November 1, 2016, is after the October 2016 municipal election.

[158] The Board has, in other proceedings, considered the importance of relative parity among polling districts. In the Board's view, it is reasonable and appropriate to

order that the Town form one polling district to be represented by one councillor, rather than adding it to one or more existing County polling districts.

[159] The Board recognizes this will result in the Parrsboro district being at a -20.8% variance. While this exceeds the variance of  $\pm 10\%$ , which the Board targets, the Board is of the view that, in this instance, the larger variance is justified. As Mr. Bugley testified, municipal “mergers” represent “an exceptional circumstance” (Transcript, p. 51).

[160] The Board considers this would afford the electors of Parrsboro an appropriate and effective voice in their municipal governance during the transition period. As noted during the hearing, however, the Board is aware that this will mean a 13 member Council for the County and will continue variances, which the Board would not generally favour.

[161] Therefore, the Board directs the Municipality to conduct an electoral boundary review prior to the October 2020 municipal election to address the variances which exist and consider the appropriate size of Council. The Municipality is to conduct its review in sufficient time to allow it to file an application with the Board no later than December 31, 2019.

[162] Further, the Board finds it appropriate to include in its Order a provision which will direct any work or responsibilities undertaken by the Parrsboro returning officer for the October 2016 election to be transferred to the County returning officer.

**j) Financial Issues arising from Dissolution**

[163] There are several financial issues which arise from the dissolution.

[164] First, the current deed transfer rates are not the same – Parrsboro’s rate is 1% and the County’s is the maximum 1.5%. The parties recognized this needs to be

reviewed post-dissolution. The Board understands from Mr. Bugley's evidence that the different rates will continue in the short-term, but that this will be evaluated in the future.

[165] Secondly, each municipal unit currently has a capital infrastructure plan ("CIP"). It will be necessary for the combined municipality to adjust and prioritize the infrastructure requirements. Mr. MacDonald described the CIP as a "living document"; thus the Board expects it to evolve as the transition with Parrsboro proceeds.

[166] Finally, as noted in the Application, the effective date of dissolution is November 1, 2016. Municipal units operate on a financial year which begins on April 1. As stated by Mr. MacDonald at the hearing, each unit will budget for the April 1, 2016 – March 31, 2017 year, although not in isolation. Tax bills will be issued by Parrsboro for the twelve month period. In its report on transitional issues (Exhibit P-3, Tab 18), the Town stated, with respect to a twelve month operating and capital budget:

**(b) Parrsboro Council Recommendation or Approval of a Twelve Month 2016-17 Operating and Capital Budget.** Municipal budget review and approvals are traditionally done on a 12 month basis, and this is essential to provide comparable information with prior years, and the context of a full fiscal year. Parrsboro Council would consider and consult with residents on a 12 month operating and capital budget, including tax rates and user fees, prior to the release of the UARB decision on dissolution.

Approval of that full year budget would be dependent on the results of the Board decision. If approval of the application to dissolve is obtained, Parrsboro would recommend the twelve month budget to Cumberland Council for ratification. Should dissolution not be approved by the Board, Parrsboro Council would approve the twelve month budget.

This modified annual budget process is intended to provide the opportunity for timely consultation with Parrsboro residents on the annual budget, for issuing tax bills and related user fee invoices in the usual manner, and for input of both municipal Councils during the coming fiscal year. [Emphasis in original]

[Exhibit P-3, Tab 18]

[167] The Board considers this an appropriate way to proceed and will consult with Counsel on any necessary provision to be included in its Order to effect this.

[168] The Board observes that neither the Town nor the County sought a provision in the Order specifically requiring any limit on expenditures by either of them during the period leading up to the effective date.

### **Finding**

[169] The Board is satisfied that the Town and the County have identified the financial issues and will take the necessary steps to address them.

### **k) Human Resources**

[170] As of March 31, 2015, the Town employed ten non-unionized full-time and six part-time positions. Five of the employees are office workers, while the balance are engaged in the public works and parks activities.

[171] Mr. Bugley testified that there will be no terminations or layoffs because “we’re going to accommodate all staff.”

[172] Service priorities were identified in the report and are as follows:

1. All staff currently employed full-time by the Town of Parrsboro would be absorbed by the County of Cumberland. This includes 5 public works staff, 4 administrative staff and 1 recreation staff.
2. A local Public Works Department is maintained.
3. A Parrsboro Service Center is offered for payment of bills, access of permits, etc.
4. Local Recreation programs continue to be offered.
5. Public spaces (such as the Civic Gardens and iconic Band Stand) and recreation facilities (such as tennis courts and ball fields) be maintained.
6. Local Community Development efforts continue, such as street art programs, seasonal decorations, etc. that have become valued in the community for tourism promotion, spirit and sense of identity.

[Exhibit P-3, Tab 19]

[173] The report further notes that work will be done to develop a combined organization for the proposed merged Municipality, and changes in job roles and responsibilities are anticipated. Staff will be directly consulted as the changes are

developed, recognizing that it may mean changes for existing staff in both municipal organizations.

### **Finding**

[174] The Board is satisfied that the Town and Municipality made satisfactory arrangements with respect to Town staff, who have been assured of positions in the combined Municipality.

### **I) Economic Development**

[175] Mr. Bugley testified that he does not look at dissolution-mergers as a liability, but rather as an opportunity in terms of providing services on a true regional basis, and having one broad economic development strategy.

[176] Mr. Bugley spoke of the potential for energy development:

Q. And you mentioned economic development. Are there any particular opportunities in the energy-related area that are of particular interest in having Parrsboro involved?

...

A. We currently participate ... we have an incorporated organization called the Cumberland Energy Authority which is comprised of representatives from the Town of Parrsboro, the County of Cumberland, and there were representatives from the former Town of Springhill.

We have a strategic plan. We see significant opportunity in tidal-power development, and we see significant opportunity in geothermal development. The County of Cumberland has the highest solar-power potential in the Province of Nova Scotia. We have the same solar potential as the City of Ottawa. We have a very good wind regime.

So we just see we've got biomass potential. We just see energy development as one of the potential economic drivers that can actually result in future economic prosperity and sustainability and to help keep our young people in Cumberland and in Nova Scotia, and to actually help reverse our aging population.

We have one of the ... per capita one of the oldest populations in the country. A number of years ago, and I haven't ... we haven't checked the statistical information lately ... but about ten years ago, I believe we were the oldest population per capita in the country. So we see energy as, you know, helping all of the above that I listed, so tremendous potential for energy development.

...

We have a number of memberships where members with the Canadian Geothermal Association. We sponsor and are members with an organization called Marine Renewables Canada, and we just participated in a tidal-power supplier needs assessment. We are going to submit a couple of proposals to ACOA, Nova Scotia Business Inc. - we haven't put them together yet - for the next fiscal year for ... to be ready for the tidal-power

development. And also some pretty unique developments with respect to geothermal development as well.

Q. Why is Parrsboro ... how do they figure into tidal, for example, that geographic area?

A. The actual site of tidal power is located just down the shore in West Bay. Parrsboro has always had an active interest in participating in tidal-power development. You know, a former mayor of the Town of Parrsboro was trumpeted as one of the leaders in tidal-power development.

With respect to ... it could be everything from infrastructure development right at the site to providing support and supplier services to the industry. The tidal-power industry has the potential to provide enough electricity to power every home in the Province of Nova Scotia. So it's a ... it could be a massive energy and economic-development project.

[Transcript pp.33-36]

### **Finding**

[177] The Board agrees that there are economic benefits to be gained from the dissolution-merger, particularly in the potential for energy development.

### **m) General**

[178] There will be a number of issues to be addressed by the parties in the transitional period leading to dissolution of the Town on November 1, 2016, and the period thereafter. In the event of any question or disagreement respecting the Application or implementation of the directives in the Board's Order for Dissolution, or of any matter or thing necessary to give effect to the carrying out of the dissolution, the parties shall apply to the Board for further direction.

[179] The Board reserves the jurisdiction to issue further orders and directions which are necessary or incidental to the carrying out of the dissolution.



## **V SUMMARY AND CONCLUSION**

[180] The Town of Parrsboro was confronted with relatively stable and modest tax revenues which are unable to meet its current and future infrastructure needs. It has encountered challenges in human resources to deal with the Town's finances, resulting in significant delays over the past several years, in receiving funds to which it is entitled. This resulted in short-term borrowing from the bank, with a current bank indebtedness of more than \$860,000.

[181] There are no significant commercial properties in the Town. The Town Council considered that the declining and aging population is unable to afford increased property tax rates and, as identified by both Grant Thornton and Levy Casey, in order to meet its infrastructure needs, the Town would either have to increase its tax revenues or cut services.

[182] The Town Council was aware of the recent dissolution of another town in Cumberland County, i.e., Springhill, and considered that its transition to governance under the County to be successful. Council determined that it was not necessary for Parrsboro to maintain town status, but that with the good relationship it enjoys with the Cumberland, a merger, resulting from dissolution, would bring benefits and opportunities, in finances, infrastructure, administration, and economic development. Thus, it decided to apply to the Board under the *MGA* for an Order for Dissolution.

[183] The Town held a number of public meetings, including its Council meetings, and communicated with residents. It also held discussions with the County on various aspects of the dissolution-merger, including tax and area rates, maintenance of services and public works, human resources deployment, and governance.

[184] The Board is satisfied that appropriate arrangements have been made with respect to policing, fire services, roads, streets, sidewalks, bridges, sanitary sewer and wastewater, solid waste collection, streetlights and human resources in the event of dissolution.

[185] The Town, the County and the Province entered into a Letter of Intent which guarantees the equalization which the Town and County receive will continue for a five year period. Equalization funding for the Town would otherwise cease upon dissolution. New funding is also provided to assist with the major infrastructure needs, i.e., wastewater treatment plant, and road works, as well as other funding. This infrastructure funding will enable the municipal unit to leverage funding that is available from other government sources. It will also provide stability for the residents of the dissolved Town and the County as they transition to a new municipal unit.

[186] The Board is satisfied that the settlement provisions contained in the Letter of Intent are generally reasonable and appropriate, and should, for the most part, form the basis of the terms of dissolution and will be incorporated into the Board's Order.

[187] Taking into account all of the evidence and the submissions of the parties, the Board is satisfied that the dissolution of the Town is in the best interests of the residents of Parrsboro. Given the financial and infrastructure challenges that are facing the Town, as well as the social and other non-financial benefits which would result from joining a larger municipality, the Board considers it necessary and expedient (as contemplated under s. 398(1)(b) of the *MGA*) to order dissolution of the Town.

[188] In the Board's view, its assessment of the financial factors and infrastructure needs alone lead it to conclude that, in the present circumstances, dissolution is the viable

option. However, there are non-financial factors which would benefit the Town's residents. These factors including social or other aspects of the Application such as stability in funding and governance support for community or recreational organizations and programs. Additionally there will be support for the Town's human resources, which are currently insufficiently staffed and unable to adequately meet the needs of the Town's residents. The administrative and governance support received from a larger municipal unit, some of which has already been put in place (e.g., in assisting with the necessary reporting to collect funds owed to the Town), will allow the Town to meet existing demands and to confront the future challenges faced by the area.

[189] With respect to governance, the Board concludes that the Town should form one polling district in the combined municipality, resulting in 13 districts for the County for the October 2016 municipal election. Further, the Board considers that, while the effective date of dissolution is November 1, 2016, after the election, it can order that the election take place as if dissolution had already occurred. The Board will include a provision in its Order directing the transfer of work and responsibilities of the Parrsboro returning officer to the County returning officer effective upon the issuing of the Order.

[190] The Board concludes that the Municipality should undertake an electoral boundary review prior to the October 2020 municipal election to address the variances which exist and consider the appropriate size of Council. The review should take place in sufficient time to enable the Municipality to file an application with the Board no later than December 31, 2019.

[191] The Board orders the dissolution of the Town, effective November 1, 2016.

[192] There will be a number of issues to be addressed by the parties in the transitional period leading to dissolution of the Town on November 1, 2016, and the period thereafter. In the event of any question or disagreement respecting the Application or implementation of the directives in the Board's Order for Dissolution, or of any matter or thing necessary to give effect to the carrying out of the dissolution, the parties shall apply to the Board for further direction.

[193] The Board reserves the jurisdiction to issue further orders and directions which are necessary or incidental to the carrying out of the dissolution.

[194] An Order will issue accordingly.

**DATED** at Halifax, Nova Scotia, this 15<sup>th</sup> day of June, 2016.

  
\_\_\_\_\_  
Roberta J. Clarke

  
\_\_\_\_\_  
David J. Almon

  
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Kulvinder S. Dhillon