RESPONSIBLE MANAGEMENT OF MUNICIPALITIES: KEY TO SHAPING THE FUTURE OF PONTIAC!

Most municipalities across the globe are trying to find effective and concrete solutions to the following three major issues:

1. **The gap between the financial needs of municipalities and their ability to pay**
   - Operating costs increase to meet the growing demand for additional services to citizens (transportation, roads, recreation, etc.)
   - Municipal income, mainly from property tax, is not increasing at the same rate as expenses.
   - Infrastructure maintenance has generated a major deficit over the past years.

2. **The cost of the transfer of responsibilities to municipalities from the provincial and federal governments**
   - For example: management of municipal watercourses, Fire Safety Cover Plan

3. **Shortage of skilled manpower**

“**For 296 municipalities in Quebec, amalgamation to 71 municipalities between 2001 and 2011 was the efficient solution to the above-mentioned issues.**”

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Amalgamation: an effective tool for responsible municipal management

To address Pontiac’s urgent and serious issues, one effective solution is to amalgamate municipalities in order to achieve the following objectives:

- Improve municipal management and have a better control over costs;
- Avoid duplication;
- Streamline the governance structure, facilitate consensus, and create a strong leadership;
- Improve human resources aspects in the municipalities;
  - Better pay;
  - More full-time jobs;
  - Specialization of positions;
  - Increased efficiency by reducing duplication of functions;
- Improve the quality of services offered to citizens;
- Increase financial resources, including borrowing power, and technical resources to develop projects and programs;
- Improve equity among the citizens of Pontiac;
- Improve coordination to promote economic growth and develop a shared vision of the region’s future;
  - Participate in the global economy by attracting new industries.

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**Did you know?** The median age in Pontiac as a whole has risen by three years since 2006 to 47.8 in 2011 – almost 6 years more than the median age in the province of Quebec.
SIGNIFICANT ISSUES ON THE RISE:
A THREAT TO THE FUTURE OF PONTIAC AND THE QUALITY OF LIFE OF CITIZENS!

For the past several years, Pontiac has been struggling with the same serious issues as have other areas of Quebec, Canada and the rest of the world.

These include:

✓ Shrinking, aging population;
✓ Low-density population over a large territory;
✓ Reliance on the forest industry, which has recently declined;
  > Domino effect on indirect jobs and entrepreneurship;
  > Major drop in revenues for municipalities;
✓ Regulation governing farming industry;
✓ Heavy governance structure, not optimal;
✓ Increase in municipal responsibilities;
✓ Difficulty in recruiting human resources:
  > Several part-time jobs;
  > Shortage of specialized human resources;
✓ Inefficient municipal management caused by duplication of functions and competition between municipalities;
✓ Difficulty implementing regional leadership given the high number of elected officials;
✓ Disparities in municipal service levels between municipalities;

“Faced with this new reality where the responsible management of human, financial, and technical resources is key to the future of our communities, the study of municipal amalgamation scenarios for Pontiac makes sense.”

Municipal amalgamation practices already in place in Pontiac

Pontiac has already shown strong collaborative models that are in line with the concept of municipal amalgamation. Following are a few examples:

✓ Several municipalities share employees;
✓ Several municipalities have inter-municipal service agreements;
  > For example, an agreement for water and sewers, libraries, waste management;
✓ Geographic proximity of municipalities;
  > The area’s geography is conducive to natural groupings that prevent the isolation of certain municipalities;
✓ Natural service centres of municipalities;
  > Existing habits of citizens having chosen any of the centres of consumption, services, healthcare, entertainment and employment.

Did you know that there are several inter-municipal agreements on the territory, representing $326K for all municipalities, and which cover different types of services such as transportation, public safety, leisure and culture?
MUNCIPAL AMALGAMATION SCENARIOS
ALREADY ON THE AGENDA

Local politicians have debated different municipal amalgamation scenarios over the past few years. Back in 2006, the firm DDM Marcon had pointed out the need to evaluate the potential of municipal amalgamation for Pontiac. In public hearings held as part of the strategic development plan Vision Pontiac 2020, the importance of examining municipal amalgamation was strongly suggested.

Three municipal amalgamation scenarios are suggested in a recent study conducted by Raymond Chabot Grant Thornton

The feasibility study tabled by Raymond Chabot Grant Thornton on February 5, 2013, to the Pontiac MRC Mayors Council suggests three amalgamation scenarios.

- SCENARIO 1 – One town, one MRC
- SCENARIO 2 – Two towns, one MRC
- SCENARIO 3 – Four towns, one MRC

“Other scenarios could emerge following discussions to be held over the next couple of months with elected officials, municipal employees, citizens, vacationers and interest groups.”

If the municipalities of Pontiac decided to amalgamate into one or more towns, there would be several beneficial results:

- **Simplify governance by significantly reducing the number of elected officials.** Create a strong leadership and ensure consensus on the regional vision and actions that must be taken in order to respond to the economic, social, and environmental challenges the Pontiac faces;

- **Avoid duplication and foster optimal use of resources** by grouping specialities, reducing repetitive tasks (for example, the preparation of 18 budgets), offering better conditions to employees (full-time positions, better working conditions, etc.) and reorganizing the work;

- **Increase financial capacity and better distribute wealth among the municipalities** to have the ability to cope with the challenges of infrastructure renewal and the creation of development projects for the community.

**Did you know?**

- Pontiac has a total of 125 elected officials for a population of just over 14,300 residents – an average of 8.7 officials per 1,000 inhabitants.

- The average number of elected officials per 1,000 inhabitants in cities of similar sizes in Quebec varies between 0.6 and 1.0, compared with 8.7 in Pontiac.

- Pontiac’s 125 elected officials were paid nearly $700,000 in 2011. This is over $560,000 more than the total average pay in cities with 4,000 to 8,000 inhabitants and nearly $475,000 more than the total average pay in cities with populations of 10,000 to 15,000.
THE STRONG SENSE OF COMMUNITY THAT EXISTS THROUGHOUT PONTIAC WILL GUIDE OUR DECISIONS!

Community development has been a common and rallying topic for a long time among the 18 municipalities in our region. As a proud people, we have invested lots of effort, energy and generosity into community life throughout our vast territory.

True to this spirit of community that we all carry proudly in our heart, let’s express our desire to build the future of Pontiac by directing our thoughts and decisions toward this strong rallying force that unites us all.

Did you know? Few municipalities appear to have sufficient leeway in their budget to plan for major investments in their infrastructure?

Did you know? Three out of nine municipalities with water works infrastructure consider them to be just “average,” which leads to believe that investments will be required somewhere in the medium or long term to restore them to good condition.

Did you know? In 2011, the Pontiac had nearly 14,360 inhabitants on a territory of 13,848 km². The average population per municipality is approximately 800, and 11 of the 18 municipalities have under 1,000 inhabitants.
AS WE EXAMINE THE MUNICIPAL AMALGAMATION SCENARIOS, WE MUST BE CAUTIOUS

As Pontiac MRC mayors and officials examine the amalgamation scenarios provided by Raymond Chabot Grant Thornton in their feasibility study, they will keep in mind the following three essential components that must be part of the solution:

- **The “village” way of life**
  Amalgamation should strive to preserve the special characteristics that distinguish each of the former municipalities, including local culture and language.

- **The sense of belonging**
  Amalgamation must take into account the sense of belonging that prevails in communities. This can be achieved by supporting local volunteer groups and offering community halls (on the premises of existing city hall buildings, for example), which will sustain this very important sense of community;

- **Job protection**
  Amalgamation should provide job security for municipal employees – that is to say, those jobs will continue to exist in the municipal administration. Severance pay for voluntary departures could be offered to pave the way for a reorganization of the structure when amalgamation occurs, and then advanced training could be offered to allow employees to achieve the desired level of specialization.

**Status quo, not an option**

Since the status quo is no longer a realistic option, after a public consultation process, elected officials will be called upon to agree on an amalgamation scenario which will be voted on in each of the 18 Pontiac municipalities. The results from this vote will determine the nature of actions to be implemented.

**Did you know?** The population of Pontiac has been declining for more than a decade – a decrease of almost 8% since 1996. Six municipalities have experienced a population decrease of nearly 15% or more, including one that saw its population drop by almost 30%.
EXPLORING MUNICIPAL AMALGAMATION POSSIBILITIES
TO SHAPE THE FUTURE OF PONTIAC

Between February and May 2013, elected officials, municipal employees and other social, economic and cultural stakeholders, as well as residents and vacationers, will receive relevant information that will allow a better understanding of the issues and challenges that justify updating our governance structure and municipal management approach.

Together, we will become familiar with the pros and cons of the various scenarios presented in the Raymond Chabot Grant Thornton feasibility study.

The Mayors’ Council wishes to emphasize the importance of maintaining constructive communication throughout the next four months leading up to the vote on a municipal amalgamation option.

Did you know? The reduction in the number of elected officials based on amalgamation scenarios is:

> Scenario 1: from 125 to 14 elected officials – 1 mayor and 13 councillors
> Scenario 2: from 125 to 14 elected officials – 12 councillors and 2 mayors
> Scenario 3: from 125 to 28 elected officials – 24 councillors and 4 mayors

Did you know? Reducing the number of elected officials would have a significant impact on the Pontiac’s total budget, which is slightly over $23 million.

Did you know? Municipal amalgamation scenarios could generate the following efficiencies:

> Annual reduction in elected official salaries between $125,000 to $300,000, depending on the selected scenario;
> Annual expenditure reduction of $250 k to $500 k for services rendered, which would be achieved by reducing duplication.