

LOCAL GOVERNMENT REORGANIZATION: A CASE STUDY
IN LOCAL GOVERNMENT CHANGE IN NANAIMO, B.C.

by

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ABSTRACT

This thesis is an examination of the boundary restructure efforts of Nanaimo, B.C. It examines and compares both the background which precipitated the restructure referendum and the actions and attitudes by individuals, groups, and Government that prefaced the November 2, 1974 vote. It also explores the literature and legislation that is germane to the analysis and relates it to the above. Finally, some consideration is given to speculating probable effects of the amalgamation decision.

While there are many reasons which explain the need for a re-alignment of local Government boundaries, the principal one is that the existing political structure impedes the most effective delivery of services to the public. The author's investigations revealed that there were important conflicts in the pattern of local Government in Nanaimo that could be mitigated with amalgamation.

Irrespective of the stated benefits, a significant segment of the population opposed amalgamation. Opposition sentiment was based on a variety of arguments, with the effects on taxes apparently the most vocal issue. Opposition sentiment was obviously strong as the outcome of the referendum showed that only 52% were in favour of amalgamation. This despite the fact that a thorough examination of the implications of restructure

by a special restructure committee concluded that there would be little initial impact on the tax burden.

In general, the thesis is an assessment of an event, and as such, no specific or pre-conceived hypothesis was stated. Three recommendations of particular note, concluded specifically from the case study are:

(i) the need for an immediate change in property taxation laws affecting non-municipal areas in British Columbia to bring the taxes in line with the actual cost of services provided by the province to non-municipal areas.

(ii) the Provincial Government, in the Nanaimo situation, should be prepared to augment their existing financial commitment to help defray unanticipated costs if they (costs) become excessively burdensome. In future restructure proposals, however the Province should consider undertaking a more comprehensive review of cost figures, projected by local restructure committees to ensure their accuracy.

(iii) in any future restructure proposals, the Provincial Government should ensure that the local people responsible for administering the restructure program have engaged in an active and effective campaign of making the local citizens aware of the full ramifications of amalgamation, (both the positive and negative aspects), and that a concerted effort is made to encourage the participation of all residents.

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CHAPTER 1

A. INTRODUCTION

Much concern has been expressed in recent years on reforming the political structure of local government to improve the delivery of goods and services within municipal units.

"Reform is based on the assumption that the existing governmental structures cause people to order their relationships with one another in a way that is unproductive or dysfunctional!"¹

A number of factors have contributed to the growing push for reform. The most common are: (i) the consequence of urbanization;² (ii) the fiscal squeeze on local government;³ and (iii) increased mobility. To a large extent, all three factors stem from the outward expansion of the city and the contiguous areas which has been made possible by improvements in transportation.

This has enabled the city worker to migrate from the center of the city to the suburbs or surrounding countryside and commute to his place of business. The relatively greater ease in obtaining land, the possibility of lower taxes and the prestige associated with a suburban home has encouraged the outward movement of people beyond the political boundaries of the city core. Plunkett has identified this

problem and he states:⁴

"In Canada, the political boundaries of local government...were established long before the advent of the automobile, in an era that was primarily rural oriented. This distinction between urban and rural communities was originally clear cut...towns and cities were recognizable entities and for the most part, rural areas were separate and distinct regions. The political boundaries corresponded to the economic and social reality of the town or rural area. The economy of the time was relatively simple and there was little economic interdependence between local areas. The social structure of the individual community was such that there were strong regional loyalties, there was little general concern about affairs beyond its boundaries...Such is no longer the case today. With increasing urbanization, many communities are faced with a variety of new requirements and needs which cannot be met by older political institutions."

The consequence of urbanization spilling beyond the political boundaries of cities and towns, has been the permissive scatteration and leapfrogging of development - chiefly caused by the lack of a structural authority to control and supervise the use of land. The consequence has been service defects and heavy costs in the long run when these deficiencies have to be corrected. And this outcome is only one side of a double-edged blade.

When outside areas finally do become organized and standards and regulations are instituted, the incorporated territorial boundaries most often are not drawn to produce

the most effective pattern for the delivery and administration of services. The problem is exacerbated by the numbers of 'quasi' governmental organizations which emerge in the fringe areas which have limited authority and responsibility. In addition a strong local sentiment is created, which tends to become parochial in nature. These quasi-governmental bodies often are reluctant to assume co-operative or united relationships with contiguous areas for fear that their local identity may be challenged. Meanwhile the core city has experienced a decrease in per capita income due to suburban migration and is up in arms over what it feels is inequitable financial burdens being borne by it for the delivery of services enjoyed by peripheral residents.

Consolidation of local governments has thus been advocated as a means of rectifying some of these conditions. Volumes of economic, social and political science literature have been written on local government consolidation.⁵

In contradistinction to academics and politicians and interested lay people who advocate consolidation, there are some who maintain that fragmentation is not necessarily bad. Cook⁶, for example, argues that as centralization of services becomes more prevalent, there may be a lowered ability to accomodate diversity. Warren⁷ constructed a municipal services model based on the market system model

and suggested that the market system works most efficiently under competition and not monopoly. Therefore many governments and not one would be more efficient. Tiebout⁸ developed a theory based on the 'menu' of opportunities and alternatives under fragmented political units. Ostrom (et.al.) theorized that the 'polecentric' system of government can be maintained through co-operative arrangements. They state that no great difficulties are encountered;⁹

"...if the appropriate set of public interests are adequately represented among the negotiators. A contractual arrangement will suffice."

Thus it can be seen that there is not unanimous agreement on the appropriate method for resolving the organizational problems of local government. The research for this dissertation, however, has been concerned with analyzing the implications of local government consolidation.

One of the difficulties with research conducted in the area of local government reform is that nearly all the literature has discussed problems and prospects for reform for metropolitan regions. The most commonly accepted definition of a metropolitan area has been set out by the U.S. Bureau of Census which describes a Standard Metropolitan Statistical Area (S.M.S.A.) as:¹⁰

"one or more central cities of at least 50,000 inhabitants and an amorphous group

of suburbs beyond the central city limits which includes cities towns and rural and semi-rural areas within the same of adjacent county.

Canada's unique demographic dispersion however makes cities with populations of greater than 25,000 large.¹¹ This alone does not mean that the problems and proposals for reform are of little consequence; the problems are the same, the pattern of political boundaries just as fractured and over-lapping, but the approach and emphasis of reform may differ.

Plunkett¹² has suggested five approaches for the reorganization of local government. They are:

1. Intergovernmental arrangements - co-operative arrangements with respect to certain public services between local government units.
2. Special Purpose Authorities - separate, independent units established to provide a specific service to a number of local governments.
3. City-county separation and consolidation - a county (regional district) embraces a metropolitan area and is given power and responsibility for area wide urban services.
4. Metropolitan federation - consisting of an area wide government to perform those functions which spill over municipal boundaries and of component municipalities which would perform purely local functions (i.e. two-tiered

government).

5. Amalgamation or annexation - this involves the absorption by the core city of territories contiguous to it. Grant¹³ and others are quick to point out that suburban opposition to consolidation with the core city nearly always arises and suggests that amalgamation/annexation is:

"still possible in smaller urban areas but no longer feasible in large urban areas where there are well entrenched and stable local governments on the periphery of the central city."

B. OBJECTIVES OF THESIS

This dissertation proposes to assess the impact that government reorganization (through amalgamation) has had on a community in British Columbia encompassing a population of some 35,000 people. The impetus for the analysis resulted from three observations. Firstly, as alluded to earlier, a perusal of the literature found little in the way of analysis for non-metropolitan areas. Secondly, information that has been assembled is non-Canadian and only limited examination of this phenomenon has taken place within the province of British Columbia. Lastly, amalgamation proceedings in British Columbia have received a good deal of publicity within the last two years, with the forced amalgamation of two interior communities, Kamloops and Kelowna.

The only published information suggestion gov-

ernment policy towards amalgamation was written in 1967.

At that time it was stated:¹⁴

"there are a number of cases where a good argument can be made for the amalgamation of adjacent municipalities because as they are now constituted they essentially divide up into separate jurisdictions what has become one community. In this case, we are dealing with community problems rather than regional problems and if you can visualize the situation where, for example, the proper placement of lateral sewers would require one to disregard municipal boundaries. The attempt to keep distribution and collection systems separated by municipal boundaries often leads to an artificial design and added costs go along with this sort of approach. It follows from this that there are savings to be achieved both in overhead and in the design of many services which are linked together in a geographical manner but are separated jurisdictionally."

Correspondence with the Associate Deputy Minister of Municipal Affairs.¹⁵ produced the following reply when asked about current provincial government policy on amalgamation. He stated:

"Apart from Kamloops and Kelowna, which were special cases...the policy of the government has been on the whole to rely on the initiative of the local community for change in municipal structure...With regard to Kamloops and Kelowna ...the government felt that the pace of development had reached a critical state. In addition it was felt that local government organization was inadequate and too fragmented to deal effectively with rapid growth. Hence the directive for amalgamation or more properly local government restructure."

Since 1952 there have been 15 amalgamations in British Columbia, 13 since 1966.¹⁶ This would indicate that there is a definite realization that it is necessary to recast municipal boundaries to meet the ever changing and challenging requirements and obligations of local governments.

On November 2nd, 1974 the inhabitants of the City of Nanaimo along with six unorganized territories (or parts thereof) voted affirmatively to consolidate their boundaries and form one new city with a population of approximately 35,000 people. While only months have passed since the date of incorporation, January 1st, 1975 (a fact which has proven to be a limitation on the research) there are many relevant things which can be investigated and discussed with the process experienced to date.

Any review of dynamic behaviour is fraught with analytical difficulties. The process of local government change is particularly perplexing because of the complexities of government structure and the time lag for the effects of change to materialize. Many effects of change may not be perceived or have any impact until long after the change has been implemented. Because of this characteristic the approach taken in this research will be discernably descriptive. There is no underlying hypothesis. The research will retrace many of the causes leading up

to amalgamation and the problems and process experienced in Nanaimo that were a prelude to amalgamation. The recommendations put forth in the last chapter will evolve from the writer's investigations and collection of data. The judgment of the newly elected council members of the new City have also been solicited. Their responses add a further dimension to the analysis.

Before looking into the case study of Nanaimo it is important that the reader be familiar with the basic purpose, function and organizational structure of local government, and to understand some of the social, political and economic realities that influence public attitudes towards amalgamation proposals. Chapter 2 will discuss these important issues.

C. DIGRESSION

At this point it is important to acknowledge any bias which may appear throughout the remainder of the analysis. The dissertation analyzes the causes and effects of the amalgamation of a community in British Columbia. Amalgamation is not necessarily the absolute solution to a very complex problem. An individual's attitude toward political consolidation is often determined by that person's prejudice, or preconceived and sometimes ill-conceived notions with respect to the need or desirability toward change, growth and centralization.

The author's personal perspective of what is needed

and/or desirable is viewed obviously with an emphasis on planning principles. One of the primary functions of a planner is to minimize costs of supplying both public and private facilities including the attendant costs of commuting to these facilities. He is concerned with providing an efficient arrangement of activities within a community and as such will endeavor to improve the functional relationship of activities to optimize efficiency. In this light, the author's bias may inadvertently appear when considering the adviseability and desirability of a restructure proposal.

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CHAPTER 2

A. INTRODUCTION

Chapter one has set forth some of the problems affecting the structure of local government and has indicated the basic format of the remainder of this thesis. This chapter will provide a more in depth look at the characteristics of local government which have formed the basis for re-organization. Specific reference will be made to the situation in British Columbia.

The chapter can be divided into three distinct parts. The first part will be an analysis of the responsibility and function of local government. Particular emphasis will be placed on identifying the 'output' or services performed by them. The second section will allude to the numbers and type of local government organization provided by the laws of British Columbia. This section will also include the procedures required by law by reconstruct local government boundaries. The final section will review the positions both for and against amalgamation which have been suggested in the literature.

It should be pointed out that there is a paucity of Canadian literature on amalgamation or annexation, therefore many of the references are American in origin.

B. THE FUNCTION OF LOCAL GOVERNMENT

Musgrave¹ suggested that government has three principal responsibilities:

1. economic stabilization (stabilization)
2. income transfer (redistribution)
3. service or want satisfying (allocation)

Governments may intervene and/or assume the major responsibility for monopolizing or regulating the production of goods that have a particularly significant impact on the economy (stabilization function). For example, scarce or singly owned resources for which there are few substitutes may require government scrutiny to assure effective production and management. Governments also provide goods and services to equalize opportunity, so that the public will be collectively better off. Some goods Musgrave calls 'merit goods', that is - goods and services deemed to be essential for basic living and should be universally available. Without government intervention, an element of the public would be deprived of enjoying these goods if required to bid for them in the market place, (redistribution).

By their very nature, responsibility for carrying out stabilization and redistribution functions must be assumed on a large scale, over an entire social unit. In Canada

therefore the federal and provincial governments are the most appropriate government bodies to cater to these responsibilities.

The third responsibility - service or want satisfying is the fundamental pursuit of local government for it is at this level of administration that the most intimate relationship between the services demanded (i.e. by the public) and the services rendered (i.e. government administration) can be realized. This, of course is not to say that other levels of government do not also administer public services, however their main focus is directed towards more universal ends, (for example, income redistribution). The chief function of local government on the other hand is to supply both tangible and intangible goods and services to satisfy citizen demand for services, which for a variety of reasons² are not supplied or are inadequately supplied in the market place.

Local governments have other responsibilities in addition to rendering services. They have varying degrees of power to decide what services shall be provided, how they will be financed, and powers to regulate and control many areas of social and economic life in the interests of the health, welfare and safety of the public they serve.³

The Ontario Committee on Taxation⁴ has underpinned

their discussion by stating that a fundamental requisite of local government in addition to service activities, is access. Access in terms of the capacity of citizens to influence (or at least the opportunity to influence) public policy decisions and to participate in the affairs of the community.

(a) Voting 'Access' and Restructuring Local Government

In the Canadian society it is almost universally felt that the public should and must be given the right to express by one means or another the manner in which it will be governed and the nature of the services to be rendered to it by governments and the degree and kind of regulations that should exist within the territorial jurisdiction of each unit of government.

Public participation is encouraged by regular election of governing officials, referendums, public hearings, petitions, open meetings of governing bodies. The means of deciding public issues by referendum have long intrigued political analysts and pundits.⁵ In a recent Canadian investigation Sproule-Jones and Hart⁶ suggest that given the costs of participation(individual personal sacrifice) citizens will likely not be motivated to indicate their preferences unless they feel that personal benefits of such activity will exceed costs. Gilsdorf,⁷

in another recent Canadian study found support for his hypothesis that the less knowledgeable and less politically aware are more susceptible to outside persuasion and influence by the politically more astute, by the reaction of public agencies and by propaganda. Smallwood, infers that restructuring political boundaries are doomed to failure because people are motivated to participate (vote) only when the outcome will have a negative effect on them. Smallwood states:⁸

"The supporters of re-organization are generally fighting for marginal gains (i.e. incremental increases in power and function) while the opponents are usually fighting against absolute losses (i.e. their very existences as viable entities). (p. 243).

Bish and Ostrom⁹ suggest two reasons for negative voter response. First, voters may act irrationally in the sense of voting against something that is in their best interest, or second, they may reject consolidation proposals because voters are suspicious that consolidation will not result in services at equal or less costs. Marlo and Whitty¹⁰ indicate that support for consolidation corresponds to the number of elected municipal officials. Hawkins¹¹ found that life style characteristics tend to be associated with support for annexation. Contrary to Hawkins's findings, Dye¹² found that life style indicators (based on the Shevky-Bell 1955

scale of familism) were associated with opposition to annexation. Hawley and Zimmer,^{13,14} support Gilsdorf's basic tenet and suggest that the lack of knowledge of local government and voter ignorance are dominant factors in negative amalgamation referendums. Hawkins¹⁵ and Kunkel¹⁶ both found that the more dissatisfied the electorate is with the current delivery of local services the greater is the willingness to support annexation proposals.

These studies indicate that voter response to political restructure referendums is difficult to predict as there are many factors which influence public sentiment. In British Columbia for example, public acceptance of political amalgamation has not been overwhelming. Between 1968 and 1973, seven communities voted in favour of amalgamation, two were forced to amalgamate and six voted against it.¹⁷

(b) Type of Services Supplied by Local Government

It has been indicated at the outset that the dominant function of local government is the delivery of services. There are a variety of ways in which those services may be classified. Table I shows a classification according to function. Services are broken into 5 major classes. First there are the protective services which include the legal system and fire protection. A second group is related to human resources. Such services include

MAJOR URBAN SERVICES*

1. Protection:
 - criminal justice (police, fire, magistrates etc.)
 - fire
2. Human Resources Development
 - education
 - recreation
 - cultural activities
 - health
 - welfare
 - planning
3. Sanitation Services
 - sewage disposal (drainage)
 - refuse disposal
 - water supply
4. Street Services
 - construction
 - maintenance
 - lighting
 - cleaning
5. General Government Services/Sundry.

*not all services identified are necessarily the responsibility of local government. Many of the human resources services for example, are paid for and administered in whole or in part by more senior governments.

education, recreation, planning, health and welfare services. Sanitation services is a third class of local public services. Sewage and drainage disposal, solid waste disposal and water-supply fall into this category. Sanitation services are heavily 'property oriented,' thus the quality of the supply is heavily dictated by the density of human population. Sanitation services also carry environmental and aesthetic benefits accruing to a wider area than the direct beneficiaries of the facility. External or spillover benefits repeatedly crop up in the literature as prime rationale for amalgamation, so that in economic parlance, the external costs and benefits are internalized. This concept has been extended into current British Columbia philosophy of paying for certain services which possess wider ranging spillover benefits.¹⁸ For example, in several areas of British Columbia, Regional Districts* carry out the responsibility of administering sewer and drainage facilities. The formula for distributing the cost of supplying this service is designed to reflect the spillover or external benefits. If, say, a new sewage interceptor pipe is laid, partial payment of the facility will be made by all landowners in the regional district - even though some of the landowners will never receive direct benefits

* See pages 16 - 18 of this chapter for a discussion on Regional Districts.

(i.e. will not be hooked into the sewage system).. The greatest portion of the cost will be borne by those who at sometime will be direct beneficiaries of the new system. The principal feature to understand is that all landowners within the regional district will contribute to some degree in the payment of the services in recognition of the external environmental enhancement afforded by providing this facility.

The fourth class of service in Table I is street services. Street services include construction and maintenance, lighting and cleaning of streets. To some extent street services have characteristics similar to those of sanitation services.

The final group of services covers a wide array of administrative functions tending to emanate from city hall. One example would be the preparation and collection of property taxes.

Hirsch¹⁹ developed a classification of public services which is perhaps most useful for the purposes of this study. Using a quasi-dynamic model that considered the impact of metropolitan growth and consolidation, he identified three groups of services based on the average unit cost of the service. They are (i) horizontally (ii) circularly and (iii) vertically integrated services.

Horizontally integrated services exist when there

are a number of plants (units) or a single plant, that produces essentially the same service. Police, fire, education, hospitals, and refuse collection comprise the major services falling into this category.

Circularly integrated services are produced when a governmental unit renders services that are complementary. The administrative responsibilities of city hall best illustrates this category of service. For example, the administration of say, property taxes, dog licences and water bills can be done efficiently under one unit because they involve complementary administrative tasks.

Vertically integrated services exist when there are a number of successive steps in the production and delivery of the service. The government controls a number of different operations in the production of ingredients that enter into rendering a service. Services of this nature include, electricity generation, water production and distribution and sewage treatment.

By regressing service output with the cost of production, cost functions were derived to determine if economies of scale could be achieved through government consolidation. Hirsch argues that horizontally integrated services have highly adaptable fixed plants and/or divisible operating equipment and therefore growth and

consolidation will have little, if any, effect on the per capita expenditures for such services. Circularly integrated services produce a decreasing cost function with growth, due to fuller more efficient use of officials, clerical staff and professional personnel. Beyond a 'critical point' however, higher wages and administrative top heaviness leads to diseconomies of scale. Growth and consolidation in vertically integrated services results in a decrease in the per capita expenditures until a very large size. (so large that few cities have reached it). Hirsch²⁰ and others²¹ suggest in a more recent article, that at a minimum, pollution control, sewage disposal, transportation, public health, regional planning and hospitals are best provided on a regional basis.

This section of the chapter has indicated that local government, potentially renders a great number of services that are most efficiently discharged to the general public on differing scales of municipal government. Needless to say to effectively supply such services requires a highly co-ordinated organizational network. The next section shows however, that local government organization is highly variable and its ability to handle service demands corresponds closely to the sophistication of the political organization.

C. THE ORGANIZATION AND DEVELOPMENT OF LOCAL GOVERNMENT
STRUCTURE IN BRITISH COLUMBIA

All organizations, regardless of size or power, are social units (or human groupings) deliberately constructed to seek specific goals.²² The ability to meet these goals however is limited by the organization's finite capacity to facilitate and manage its pursuits. Katz and Kahn²³ theorized three stages of development in an organization that is equally applicable to local government as any other organization. They state that the first or 'primitive' state of an organization emerges in response to basic needs and expectations of the people.

As environmental pressures and human demands increase, a more complex and necessarily authoritative structure is developed. The organization becomes better equipped to handle change. It develops a 'maintenance' system which is able to react and adapt to new or changing environmental conditions.

The final stage of the organization is simply a strengthening or tightening up of the existing structure.

Extending this process to local government an analogous situation arises. There are differing degrees of development and complexity in local government. The most primitive local government organization emerges when

a group of people band together to satisfy some common need or provide a common service. The most basic examples are fire protection and water supply service. As environmental pressures and human demands increase more services must be supplied thus necessitating a superior administrative and more authoritative government structure.

An unfortunate manifestation however is that a proliferation of primitive style organizations sometimes prevents a more complex one from evolving, or, more often, inhibiting the individual primitive units from consolidating into a more complex whole.* The ramifications of this situation are obvious. What should be one homogeneous area is divided into separate units thus inhibiting the effective performance of local government.

In Canada, under the British North America Act, the responsibility for organizing people into politically incorporated local government units rests with the provincial governments.

* Talcot Parsons, a famous American sociologist is a forefather of structural societal theory that concerns the primacy of the whole over the parts. See, Parsons, T. The Social System. Glencoe, Ill.: The Free Press, 1951, and Parsons, T. and Samelson, N.J. Economy and Society. N.J.: The Free Press, 1956.

Local government structure in British Columbia consists of: incorporated municipalities (cities, towns, villages and district municipalities) and Regional Districts, administered under the Municipal Act;²⁴ Improvement Districts, incorporated under the Water Act;²⁵ school districts, formed under the Public Schools Act;²⁶ Development Districts set up under the Drainage Dyking and Development Act;²⁷ and Local Areas administered under the Local Services Act.²⁸ There are also numerous special single purpose districts (for example the Greater Nanaimo Water District) created by special Acts of the Provincial Legislature.

The responsibilities and powers conferred by provincial delegation to local government vary with municipal organizations receiving the most wide-ranging powers and single purpose bodies the most restricted powers.

The above list indicates that there are a number of avenues open to incorporate an area into some form of local government. What the above list does not immediately reveal is the labyrinth of political boundaries which can emerge. It is conceivable for example that a reasonably homogeneous area can have one or more municipal governments, a variety of improvement districts and one or more single purpose districts, plus an additional maze of regulatory

agencies each having independent jurisdictions. Such agencies would include, the R.C.M.P. boundaries, health unit jurisdictions, Department of Highways boundaries, Department of Lands jurisdictions and electoral area boundaries, to name a few. Inevitably such an overlap of jurisdictions produces confusions and some inefficiency.

(a) Types of Municipalities

The four types of municipal governments referred to above also differ in their responsibilities and powers conferred on them under the Municipal Act.

A village is the smallest municipal organization. It is a corporate body claiming all rights, privileges, liabilities and responsibilities of any corporate entity. The population must be less than 2,500 people at the time of incorporation (sec. 19(1)). The maximum borrowing power of a village is 10% of the assessed value of all taxable land and 20% of the value of utility systems. (sec. 249). The maximum mill rate taxable for general purposes is 30 mills (sec. 206 (2)). A village can demand a maximum of \$200.00 for a business license. Under local improvement programs (sec. 581 (2)), a village municipality may undertake such works as:

- establishing, widening, extending, etc. of streets;

- constructing, curbing and sidewalks;
- constructing boulevards;
- landscaping boulevards.

Every by-law passed by the council of a village municipality must be deposited with the Inspector of Municipalities who may register or refuse to register the by-law, without which it has no force.

Town municipalities have the same corporate status but when incorporated must have a population of between 2,500 and 5,000 people. Debt borrowing cannot exceed 20% for both the assessed value of taxable land and the value of the utility systems. A town has a mill rate limitation of 40 mills and can demand up to \$300.00 for a business license. Every by-law must be registered with the Inspector of Municipalities however he is not authorized to reject the by-law. Local improvement financing can be used for: (sec. 581)

- establishing, widening, extending, grading, etc. of streets;
- constructing of bridges as part of the street;
- constructing and extending of sewer and water systems;
- construction of sidewalks and curbing;
- constructing boulevards;

- landscaping boulevards;
- acquiring and laying out neighbourhood parks;
- constructing retaining walls, dykes or break-waters;
- constructing works for supplying public street lighting;
- constructing any conduit for wires or pipes under and along any street.

A city is a corporate entity of greater than 5,000 residents. Local improvement and debt borrowing capacities are the same as a town municipality. City (and district) municipalities do not send their by-laws to the Inspector of Municipalities for his approval. City (and district) municipalities have a general mill rate limitation of 50 mills and have a maximum business license fee of \$500.00, \$1,000.00 or \$1,500.00 depending upon whether the municipality is less than 10,000 population, between 10,000 and 50,000 population or greater than 50,000 population respectively. Section 504 permits only city (and district) municipalities to use expropriation powers to construct or purchase municipal halls, workshops and other public works buildings.

District municipalities differ from cities in that the area to be incorporated must be over 2,000 acres and they must have an average population density of less than 2 persons per acre. District municipalities are given special drainage privileges (sec. 53). Special powers

are also conferred on district municipalities under local improvement regulations for the designation of specified areas within the municipality. The specified area is required to bear the entire costs of the local improvements which otherwise would be defrayed in part by the municipality, (sec. 616).

(b) Regional Districts

Regional districts conceived only a decade ago, have had an important impact on local government organization in British Columbia. Regional districts were introduced to provide a federated approach to regional issues. Activities and services which extend beyond the boundary of a municipality or an electoral area have increasingly been assumed by regional districts. In other words those services which meet Hirsch's vertically integrated criteria.

Regional districts are incorporated under sec. 768 of the Municipal Act. Their statutory obligations lie primarily in the vein of planning. They are responsible for land use control, building permits and planning in non-municipal areas. They also have mandatory duties in managing hospitals, libraries, certain public works and financing. Many regional districts have taken over administering such services as public transit, water, sewer, and solid waste disposal, regional recreation and pollution control. The extent to which the latter services are

are carried out by regional districts are dependant upon the willingness of member municipalities and electoral districts (for non-municipal areas) to transfer services to them. Thus throughout British Columbia's 28 regional districts there are wide differences in the services rendered by them which reflects the differing attitudes of constituent members to a regional approach to local government.

Regional districts are more and more taking over the responsibilities and duties of supervising local government in non-municipal areas. Greater borrowing capacities, wider local improvement and expropriation powers coupled with land-use and building regulation places regional districts in a more favourable managerial position relative to other non-municipal local government. Under sec. 793 of the Municipal Act the provincial government can abolish any improvement district or local area and transfer all objects to the regional district. The regional district can designate a 'specified area' comprised of former improvement districts, local areas or an area that previously held no corporate status and supply services to it under this section of the Act. New local service needs in non-municipal areas (with exception of water, irrigation and dykes) are almost all provided and financed through regional districts.²⁹ The pre-eminence of regional districts in non-municipal areas was intimated in the 1974 Municipal

Department Report. It stated:³⁰

"in the course of time the regional districts should gradually take over the single purpose district and the improvement district."

Transferring improvement districts to the regional district has had an added positive effect in that provincial administration of local government can then be co-ordinated under one provincial department. Improvement districts have historically been administered under the Water Resources Department while most other local government activities have been attended to by the Department of Municipal Affairs. Thus two provincial departments have been performing essentially the same function. The recent trend to shift all provincial administration under one provincial department was verified in the 1973 Municipal Report. It showed that in 1973, responsibility for 27 improvement districts had been assumed by the Municipal Affairs Department.³¹

(c) Non-Municipal Government Organization

Although there has been a trend towards encouraging regional districts to assume many responsibilities in non-municipal areas, improvement districts and other forms of non-municipal local government remain very much a part of the total local government picture.

The Water Act enables unorganized territories to incorporate as improvement districts or water-user

communities. The 'objects' or responsibilities accruing to improvement districts are inscribed in its Letters Patent. Improvement districts have the authority to hold, sell and acquire land, sue and be sued, issue bonds and other promissory notes, assess and levy taxes on the land and improvements within its jurisdiction and approve, manage, maintain, operate and regulate any service which has been conveyed to the improvement district by the provincial government.

Administrative decisions are made by an elected board of trustees. Functions that may be provided by an improvement district (if issued the Letters Patent) include fire protection, street lighting, water, sewer (at the retail level) parks, drainage and garbage. They can implement zoning by-laws but rarely do so. Improvement districts have a unique financial status. Trustees submit a budget for the expected expenses to the provincial government which grants the trustees the requested funds and levies a mill rate to cover the costs on top of the basic provincial mill rate for non-municipal land..

Under the Water Act, all surface and ground water rights are vested in the crown and every water user is required to apply for a license to use it. The Comptroller of Water Rights may issue any group of six or more, a certificate of incorporation, incorporating them into a

'water-user community'. The corporate body has the authority to hold and contract, operate, maintain, improve, replace works and levy an assessment to pay for the operation of such works.

The Drainage, Dyking and Development Act provides a further avenue for incorporating unorganized territories into some form of government organization. 'Development Areas' are designated, permitting landowners within the 'area' to undertake such works as dyking, dams, weirs, locks, lock gates, flood gates, breakwater dams, ditches, flumes, aquaducts, pumps, pumping machinery, and the reclaiming and improving of land. Commissioners for the area are elected, authority is given to expropriate, borrow funds and levy taxes to the amount of annual expenses.

The Local Services Act permits unorganized areas to supply specified services and undertake works in areas where either the improvement district has not been issued Letters Patent to undertake the work or where there is no corporate status to begin with. Services which may be supplied to an area under the Local Services Act include fire protection, ambulance, garbage collection and disposal, home nursing care for senior citizens, public comfort stations and community plans. As mentioned above with the advent of regional districts the Provincial Government has adopted a policy of phasing out local areas. Virtually all services

formerly administered under the Local Services Act have now been transferred to the regional districts.

The Public Schools Act divides the Province into 76 school districts. Each school district elects a Board of Trustees who are responsible for local curricula, general operations and the school district tax levy. The Department of Education maintains a supervisory position over all school district programs and is also responsible for educational planning and research.

(d) Legal Implications of Amalgamation in British Columbia

Under the Municipal Act, the consolidation of areas can be effected either by the issuance of supplementary Letters Patent (sec. 21 of the Municipal Act) or by revoking any prior municipal status and re-incorporating with a new set of Letters Patent, (sec. 10).

As a guide, sec. 21 is used primarily for boundary extensions. Under sec. 21 a referendum can take place at the discretion of the Minister of Municipal Affairs, the council of the requesting municipality, or a petition signed by at least 10% of the electors of the municipality. Most often little public outcry emerges because most boundary extensions are annexing into unincorporated and often uninhabited areas. Rarely is a referendum necessary. The use of boundary extensions are becoming more and more popular. For example, in 1954, 1964, 1968 and 1974 there

were 4, 7, 18 and 22 extensions issued respectively by the Department of Municipal Affairs.

Total restructure occurs primarily when two or more existing incorporated areas are united. Before new Letters Patent are issued (under sec. 10(2)), the residents of a municipality must conduct a poll and:³²

"where more than 50 per centum of the votes cast by valid ballot are in favour of the proposed incorporation, the Lieutenant-Governor-in-Council upon the recommendation of the Minister shall incorporate the residents of the area into a municipality and thereupon shall revoke the Letters Patent and Supplementary Letters Patent and dissolve any municipality situated within the municipality as incorporated."

D. POSITIONS FOR AND AGAINST AMALGAMATION

From earlier discussions in this chapter it is apparent that economic, political and social conditions are inextricably linked to the organizational structure of local government. Invariably, these three characteristics are in conflict with one another. For example, valid economic arguments in support of amalgamation may be undermined by strong social and political reticence. Amalgamation proceedings nearly always evoke heated debate, generally between the fringe areas and the central city.³³ A perusal of the literature on amalgamation and/or annexation has produced the following assembly of 'pros and cons'.

(a) Positions for Amalgamation

There are a variety of reasons stated in literature for encouraging extended municipal boundaries. It is contended that restructuring is the single best solution to overcome economic, social and political problems generated by fragmentation and overlapping local government.³⁴ The following is an elaboration of the most commonly professed restructure 'raison d'etre'.

1. Economic

1. Economies of scale^{*}

It is purported that savings will be enjoyed by both the fringe areas and the core city due to scale economies notwithstanding the fact that the savings potential will vary according to the character of the service. (i.e. whether it is a horizontal, circular or vertically integrated service). Part I of this chapter noted a comprehensive list of literature that has examined this subject area.³⁵ While the literature is not in total agreement there is a consensus that a U-shaped cost function is produced in local government expenditures with the bottom of the cost function (i.e. lowest per capita municipal expenditures) between 25,000 to 250,000 people.

* Economies of scale, by definition results when falling unit costs arise over a given scale of operation.

Regardless of whether amalgamation produces an 'optimal' service population, if a reduction in the unit cost results because more people will now be paying for the service, economies of a sort are yielded. For example, if the core city with a population of 10,000 people adopted a large scale down-town beautification plan that would cost an estimated \$100,000. the gross per capita cost would be \$10.00. However, if the peripheral areas were incorporated with the city so that the population was now 20,000 the per capita unit cost would be cut in half. This example is particularly pertinent because the peripheral areas would likely use the down-town core for their own business and commerce. Hence, they would also enjoy the aesthetic enhancement afforded by the capital expenditure.

2. Suburban Exploitation'

A second important factor and frequently argued reason for amalgamation is the inequitable financial burden borne by the core city. There are two lines of argument. The first is what Baumol³⁶ calls the 'cumulative deterioration of urban areas'. This is the process whereby people leave the central city and go to fringe areas outside the city's boundaries. It is generally the middle and higher income families which go to the suburbs, thus lowering the average level of income in the city and

and impairing its capacity to increase or even maintain the current quality of service. The suburban areas are thus draining the central city of its high income earners thereby reducing the core city's ability to afford required services.

The other argument concerns the use of core city facilities by people outside who do not share in bearing the costs.

Conclusions from existing analyses on the suburban exploitation thesis have been mixed. The majority however assert that the fringe areas receive a disproportionate benefit to cost ratio. Hawley,³⁷ Margolis³⁸ and Brazer³⁹ looked at the per capita costs of metropolitan areas and found definite relationships between the population residing in the outside areas and expenditures of central cities. Kasarada,⁴⁰ performing a cross sectional study of 168 S.M.S.A.'s found a high correlation (.0001 significance level) between suburban size and central city expenditures for public services.

Book⁴¹ looked at the impact that commuters had on central city expenditures in metropolitan New York and concluded that commuters "should by paying more than double their current amount". Vincent⁴² on the other hand, disclaimed the exploitation theory. He stated that

commuters generate economic gains in the form of increased property values and incomes which should be added to any direct tax calculation in order to derive the total compensation paid to a city.

Banovetz,⁴³ Neenam⁴⁴ and Greene⁴⁵ (et. al.) did exhaustive and sophisticated case studies of fiscal benefits and tax flows between suburbs and central cities for Minneapolis/St. Paul, Detroit and Washington, D.C. respectively. Banovetz found, "no conclusive evidence to support the charges that the core city or their suburbs ...are subsidizing the other to any appreciable extent." Neenam concludes that "... suburban communities in Detroit enjoy a considerable welfare gain through the public sector...". Greene (et.al) refined Neenam's analysis to get around some of the criticisms aired on methodology and came up with similar conclusions.

With the weight of the literature in favour of the exploitation hypothesis the implications are obvious and well summarized by Kasarada. He states:⁴⁶

"A strong case can therefore be made for consolidating autonomous units with the central city...With a single jurisdiction controlling the services and resources, not only would the tax load for the provision of municipal services be spread in a more equitable fashion throughout, but economies of scale might also be realized."

3. Lack of Space in the City Core

A third economic argument is that the geographic area of the core city has reached its limit. There is no further room for peripheral expansion. The city thereby loses control over the distribution of land use spreading outside its boundaries and misses out on added tax revenues. Annexing peripheral areas will enable planned growth and development and continued healthy tax revenues to the core city.

4. Competition and Inequities Among Outlying Areas

The fragmentation of political units creates not only revenue difficulties for the core city but outlying improvement districts are also vying for a good tax base between themselves to support their services. This inevitably results in the tax base being spread too thin for all concerned. Often the competition results in petty jealousy and an unwillingness to co-operate for mutual benefit. Amalgamation, it is contended, would permit a more rational land use plan without anyone becoming better or worse off.

5. Personnel

Small fragmented local government cannot afford

to employ staff with the proper training and skills. An enlarged community would permit more professionals, technicians and municipal staff to foster greater efficiency in municipal service delivery. Concomitant to the hiring of expertise is the opportunity to update city hall administration, mechanize, and incorporate computer processing.

6. Grants, Transfers and Borrowing Powers

A larger population will give rise to greater inter-governmental money transfers, and the ability to borrow a greater proportion of monies. In British Columbia, for example, only local governments with municipal status receive per capita grants.* It was shown earlier that 'higher status' municipalities can borrow a higher percentage of their total assessed values and can demand larger business license fees.

II. Political Advantages

1. Segregation of Able Leaders

With the increased complexity of public affairs, councils must comprehend policy making which "transcend the borders of their jurisdictions."⁴⁷ Amalgamation gives fringe residents a voice in the government of the larger community and the ability to contribute politically to the development of the larger area.

* The per capita grant is based on a 5 year population average for the community. In 1974 the per capita grant was \$34.00.

2. Prestige

Amalgamation increases a city's size, and thus raises its level of political influence, its prestige and its ability to attract desirable commercial development.⁴⁸

III. Social Advantages

Social advantages can be grouped and described in terms of greater social conveniences for the community as a whole. In outlying areas and the core city will be better able to become involved in community organizations and will be more committed to molding the development of the total community in the manner he/she deems desirable, rather than participating in a subsection of it.

(b) Positions Against Amalgamation

It is an interesting observation that arguments favouring amalgamation are ostensibly, oriented towards economic considerations. In contrast, more of the opposition stems from social and political forces such as tradition, ideology and identity. Brief mention has already been made of some of the motivating forces behind public voting on amalgamation.

I. Economic Disadvantages

The single most important economic factor is the anticipation of higher taxes.⁴⁹ The core city may

reject amalgamation for fear that it will have to extend its service network to fringe areas, thus involving considerable cost.⁵⁰ The reverse however is more likely.

Fringe residents feel that their taxes will go up. Improved fire protection, police protection, street paving programs, sewer extensions and other services supplied to the annexed residents will increase the tax rates in those areas. It is often this very reason, the desire to be rid of the dictates and obligations (pecuniary and otherwise) that city life demand - that residents had originally resided in unorganized and unserviced areas.

II. Social Disadvantages

1. Resistance to Change

Resistance by members of an organization is a common phenomenon. Goodwin Watson⁵¹ suggests that the main reason for such rigidity toward change is because:

"all of the forces which contribute to stability in personality or in a social system can be perceived as resisting change."

Leemans⁵² suggests that resistance to change is partly rooted in the natural inclination shown by many people to view the existing situation as the acceptable framework unless they become thoroughly aware of the disadvantages or even harm that the situation may cause to themselves and to the organization. Dupre⁵³ maintains that any departure from the status quo meets 'ferocious resistance'.

2. Upset the Social Community

Amalgamation leads to the fusion of two or more areas. Consequently decisions affecting the life of the various components will hence forth be taken by the new body. The social community of the component areas are often built around a common nucleus (i.e. cultural, religion, socio-economic status, life problems, etc.) and do not want to lose their 'social congruity' that has built up over time. For example people from a basically rural area will likely have attitudes and interests diametrically opposed to city-styled people and will protest vehemently any fusion of the two life styles. Analysis of voter response on annexation proposals to life style indexes have not been conclusive however.⁵⁴

3. Loss of Identity

A corollary to the above is the loss of local identity - an identity which has built up and is intrinsic to the social fabric of the local community. Recent headlines in the Vancouver Sun fortituously illustrates the importance of this social condition. The title of the column read "Loss of Langley Identity Feared".⁵⁵ The article was concerned over the District of Langley and Langley City joining the member municipalities of the Greater Vancouver Regional District. The following statement by an elected

official is indicative of this feeling. It reads:

"The City and District of Langley will lose their identities if they join the Greater Vancouver Regional District."

The disenchanted council members describe the G.V.R.D. as a "big octopus reaching out to grab up other municipalities."

III. Political Opposition

1. Loss of Local Autonomy and Citizen Influence

Local autonomy implies that each local government organization through its elected councillors or trustees, decide what local services should be undertaken on behalf of the community. A merger would affect the freedom of "local discretion". Because decisions to undertake activities would be done on a larger scale upon amalgamation the general citizen will be less effective in influencing public policy. Leemans⁵⁶ suggests that the less favourable ratio of representation (i.e. more voters per council member) and an enlarged frontline bureaucracy will make elected officials less accessible.

2. Attitudes of the Elected Official, Senior Government, Community Organization and The Press

These groups of people and institutions represent and exert considerable influence on the attitudes and opinions

of the electorate. If they publicly denounce amalgamation proposals, it is unlikely that the voting public will support it.⁵⁷

In an exhaustive inter-temporal study of community decision making, Ruth and Albert Schaffer⁵⁸ examined the factors which operated to prevent the City of Woodruff, North Carolina and the outlying areas from organizing together and the dominant social and political interactions which arose in two attempts to merge. The analysis indicated that the opinions of elected members, prominent citizens, community groups and the press had an important bearing on the results of the merger proposals. A similar opinion was shared by Edward Sofen in his descriptive analysis of the restructuring of Metropolitan Miami.⁵⁹

E. SUMMARY

The chapter commenced with a discussion of the purpose and functions of local governments and in general the services they supply.

The chapter then proceeded into the various legislative instruments designed to set up local government structure in British Columbia and the required procedures for restructuring local government.

Finally the chapter reviewed some of the pertinent literature on the reasons for change and some of the factors creating resistance to the change of local government structure.

It was illustrated that the primary motive for restructuring was the enhanced planning and co-ordination of the community while the impelling anti-restructure arguments revolve around increased costs, and social and political independence.

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CHAPTER 3

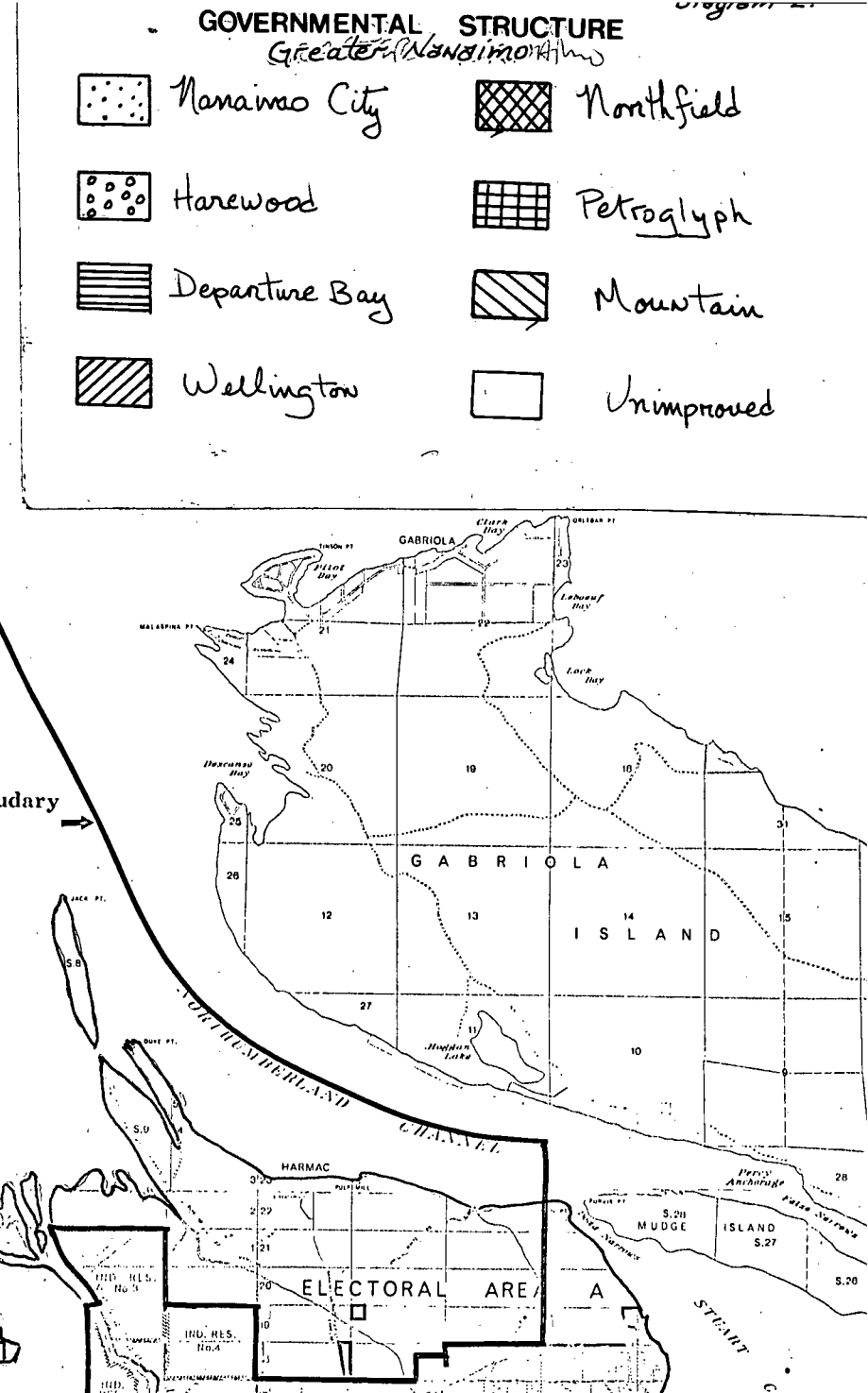
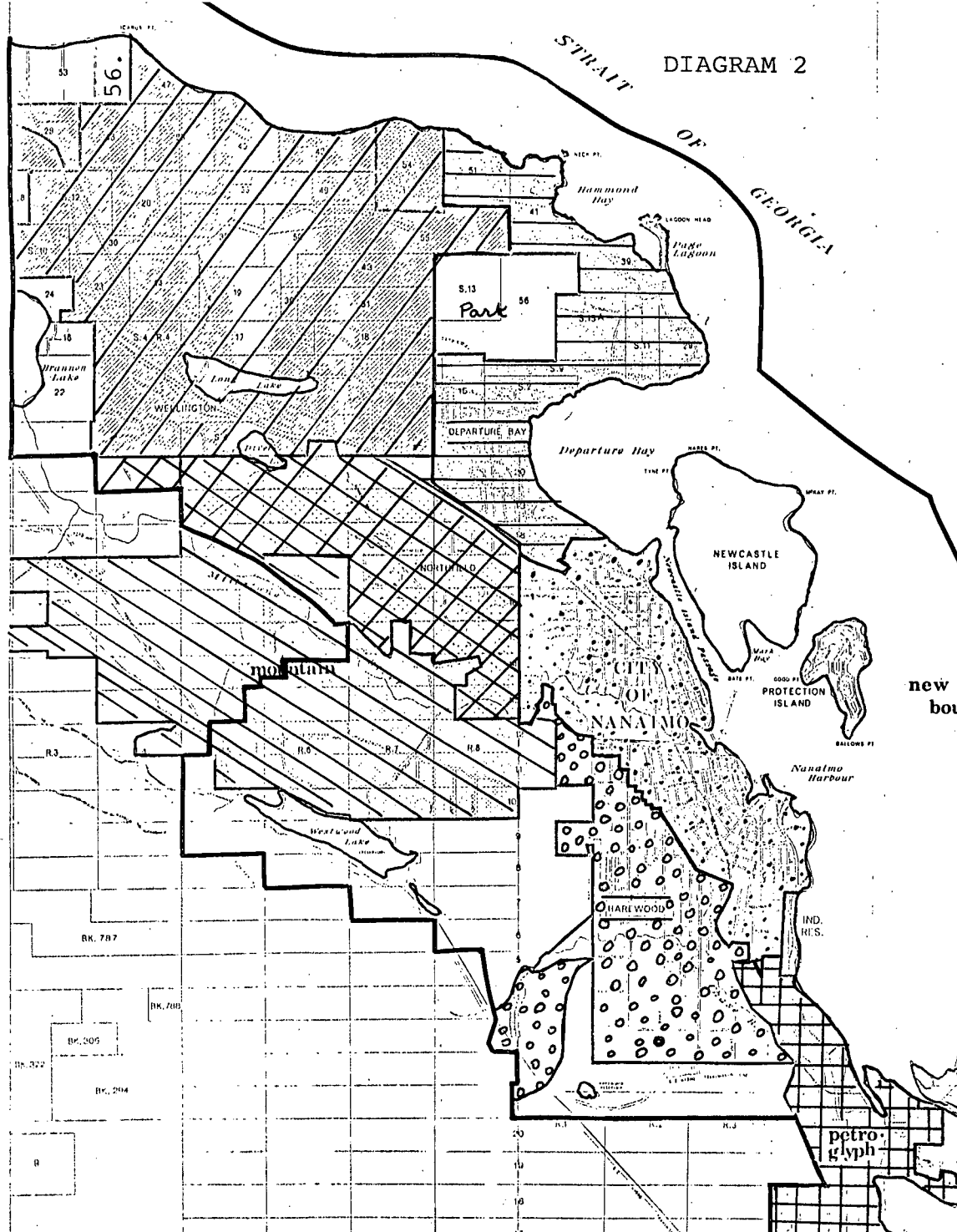
A. INTRODUCTION

The final four chapters of this thesis will entail analyzing the restructuring of the Nanaimo area. Chapter three will introduce the reader to some of the pertinent social, spatial and economic characteristics of the Nanaimo region.

Chapter four will investigate more specifically the conditions prevailing prior to restructuring, to ascertain the extent to which restructuring was necessary. The approach taken will be one of examining relationships between the affected local governments. This will be followed by a more comprehensive review of the negative effects of the old political structure that could be remedied through boundary realignment.

Chapter five will describe the actual process that transpired from the inception of the idea to the present gestation problems the restructured city is having in adapting to something new. In both chapters four and five the author's personal observations and investigations have been augmented with the comments and perceptions of the newly elected council members of the restructured city of Nanaimo. Their comments were secured through personal interviews with the author.





Finally, chapter six will evaluate the findings of earlier chapters and recommend changes in procedures and legislation and suggest avenues for further research.

B. DEVELOPMENT PATTERN OF THE NANAIMO AREA

1974 will not only go down in the annals of Nanaimo as the year of amalgamation but also as the first centenary of the incorporation of the old city of Nanaimo.

Nanaimo has a rich history; its historical development has had an important influence on the present settlement patterns and land-use distribution, thus, it can be deduced that its history has in part, created the need for a reevaluation of the area's territorial structure.

Although the first Europeans explored Nanaimo in 1791 it wasn't until 1852 that Sir James Douglas, the Province's Chief Commissioner and first Premier, decided to establish a community to take advantage of the coal deposits discovered several years earlier. In 1864, a physical plan for the community was brought out from England. The result was that instead of the usual American grid pattern of road layout, a distinctive and unusual radial pattern was developed that fanned from the city core close to where the original coal mine was situated.¹

By the 1880's other mining settlements had sprung up close to Nanaimo. Wellington, Departure Bay, Chase River,

Harewood, Cedar, Extension and Ladysmith were also producing coal and nodes of human habitation flourished around them.² The names of several of these mining settlements will appear throughout the remainder of this thesis as unorganized districts which have now consolidated under the umbrella of the new restructured city. It is significant however to recognize their historical foundation as independent mining settlements.

By 1945 the great coal days had ended. At its peak over 1.2 million tons of coal were removed per annum and some 3,400 men were employed in the Nanaimo mines.³

The demise of mining did not lead to the economic decline of the community, in fact, in the ten years following 1945 a growth rate of upwards of 7% per annum was experienced.⁴ The area was fortunate in that as coal was being phased out the forest industry was growing and supplanted coal as the main generator of income for the area. During this time one of the largest pulp mills in Canada was constructed just south of Nanaimo employing some 1,500 workers. It acted as a catalyst for the expansive growth of the area. At the same time the construction of a hydro electric dam on Campbell River and the decision to make Nanaimo the Island terminus for the Canadian Pacific Railway steamship line and the Blackball Ferry Line (which in 1960 was purchased by the B. C. government) made Nanaimo the focal point for trans-

portation services to and from the mainland. Nanaimo became the distribution and wholesale centre for the central and northern parts of Vancouver Island.

Between 1956 and 1966 growth in the region stabilized but between 1966 and 1971 the annual growth rate exceeded 3 to 4%.⁵ The increased growth was the result of several factors, such as: the expansion of the forest industry, improved port facilities⁶ and an expansion in the service industries. Some of the major tertiary industries include the Pacific Biological Station, the Federal Government's major western biological research operation that employs a highly skilled staff of 200; a 225 bed regional hospital and a new 85 bed extended care unit. In 1973 the hospital generated \$4.9 million in payroll. A regional college was established in 1969, which had a 1973/1974 student enrollment of 1,600. It expects to occupy the first stage of a new campus sometime in 1975.

There has also been a growth in office and commercial activities. The development of Harbour Park, Terminal Park, Country Club, Northbrook and Harewood Plaza shopping centres in recent years reflects the growth of the area and the increased local income that is required to support these retail establishments. Harbour Park Shopping Centre, located in the central core of the City is currently being enlarged to nearly double its current floor area (160,000 square feet) and there have been a number of proposals

recently to locate a new large shopping centre near the northern boundaries of the new city.⁷

This brief summary of the development of the Nanaimo area indicates that it is a very viable area and its prospects for continued prosperity are good. A recent economic study projected that population growth of metropolitan Nanaimo would proceed at slightly over 3% per annum for the next decade.⁸ 1971 population data showed 32,991 residents in the area and by 1981 some 43,600 people are expected to be residing in the area.

C. GROWTH AND SOCIAL CHARACTERISTICS OF GREATER NANAIMO

(a) Location

Diagram one refers the reader to the location of Nanaimo in relation to the rest of the province and to Vancouver Island. Diagram two shows the spatial proximity of the core city with its peripheral improvement districts. The size and 1974 population of the city and districts which did amalgamate are as follows:

INCORPORATED AREA	SIZE (acres)	POPULATION (1974)
City of Nanaimo	1940	15,600
Harewood Improvement District	1880	5,759
Departure Bay Improvement District	2075	5,058
* Wellington Improvement District	5825	5,254
Northfield Improvement District	1404	4,078
Petroglyph Fire Protection District	1175	1,300
**Mountain Fire Protection District	N/A	600

source: Regional District of Nanaimo

In addition to the incorporated non-municipal areas the new City boundaries also extend into unincorporated areas. A prime example would be the southwest portion of the new city (see diagram 2). This area had previously no corporate status but was added into the new city so that the tax base of the pulp mill and the new port facilities would be included within the new city. There are virtually no residents living in these areas.

(b) Population Change and Development Characteristics

The following series of tables reveal some of

* Formally incorporated as North Wellington, but will be called Wellington throughout this dissertation.

** Formally incorporated as Mountain Fire Protection District but occupies an area locally called East Wellington.

the pertinent growth patterns in Greater Nanaimo. A number of the tables were taken from 1971 computer tapes of census data hence they were already outdated for 1974-1975.

Tables I through IV show the changes in emphasis and direction in population growth and development that have occurred in the last 20 years. It is apparent that the old city has received only limited increase in its population base and in fact, between 1966 and 1971 census, a slight decline in population was experienced. The long standing static population of Nanaimo city suggests a heavy incidence of suburban migration and a lack of vacant property for new growth. A review of the city land-use map verifies the lack of any large tracts of land for future expansion.⁹

Table I shows how the growth in the area has been heavily oriented to the peripheral areas with the improvement districts of Wellington, Northfield and Departure Bay displaying the most radical growth. Table II indicates that despite the peripheral emphasis the outlying areas remain low in density, thus implying that underdevelopment and scattered development is prevalent. One author has recognized the scattered pattern of development and suggested that:¹⁰

"this (scattering and under-development) may be corrected over a time period with more centralized government." (p. 26)

TABLE II

<u>NAME</u>	<u>POPULATION (1961 - 1971)</u>				
	<u>1961</u>	<u>1966</u>	<u>1971</u>	<u>% Change</u>	<u>per annum change</u>
NANAIMO	14,135	15,188	14,948	-1.5	0.3
HAREWOOD	N/A	4,630	5,603	21.0	4.2
DEPARTURE BAY	N/A	2,651	4,171	57.3	11.4
NORTHFIELD	N/A	2,208	3,627	64.3	12.8
WELLINGTON	N/A	2,693	4,642	72.3	14.4
PETROGLYPH*	N/A	N/A	1,300**		
MOUNTAIN*	N/A	N/A	600**		

* the population data was not broken down into areas that permitted an accurate estimate of the population.

** 1974 estimates

Source: Statistics Canada

TABLE III
AREA AND DENSITY

<u>NAME</u>	<u>AREA (acres)</u>	<u>1974 POPULATION</u>	<u>GROSS DENSITY</u>
NANAIMO	1940	15,000	7.8
HAREWOOD	1880	5,000	2.7* (4.8)
DEPARTURE BAY	2075	4,000	1.9
NORTHFIELD	1404	4,500	3.2
WELLINGTON	5825	5,100	.9
PETROGLYPH	1175	1,300	1.1
MOUNTAIN	N/A	600	N/A

* Harewood's comparatively low figure is somewhat distorted as it includes a large park. The figure in parentheses represents an estimated figure more representative of the true density.

Source: Regional District of Nanaimo

TABLE IV

AGE OF RESIDENTIAL DWELLINGS AS A PERCENTAGE
OF TOTAL DWELLINGS CONSTRUCTED

YEAR	NANAIMO	HAREWOOD	NORTH- FIELD	DEPARTURE BAY	WELLINGTON	PETROGLYPH	MOUNTAIN	TOTAL
before 1946	44.5	30.0	13.9	4.2	11.8	13.8	50.0	100
1946-1950	13.2	15.6	9.3	2.7	7.7	12.8	6.5	100
1951-1960	23.7*	23.7	17.9	14.3	18.5	21.2	19.6	100
1961-1965	10.3	14.8	24.5	52.4	17.7	18.1	10.9	100
1966-1970	8.2	17.1	34.8	26.5	44.3	33.0	13.0	100

source: Census Canada (1971)

* between 1952 and 1960 the city extended its boundaries adding about 3,500 people to its population base.

TABLE V
\$ VALUE OF BUILDING PERMITS

CITY		% OF TOTAL	PERIPHERAL AREAS	% OF TOTAL
Before 1945	-\$ 2,486,000.	---	---	---
1945 - 1949	2,500,000	67.0	1,235,000	33.0
1950 - 1954	6,347,000	48.7	6,749,000	51.3
1955 - 1959	13,460,000	58.4	9,570,000	41.6
1960 - 1964	11,410,000	40.5	16,723,000	59.5
1965 - 1969	18,000,000	36.4	31,485,000	63.6
1970 - 1974	22,520,000	24.2	70,595,000	75.8

source: Engineering Office, City of Nanaimo, January, 1975.

The overall pattern of development is perceptibly linear, straddling the main Island Highway. A second arm of development follows the contour of the shoreline. A review of the land-use shows that large gaps in the development pattern predominate. It is not a continuous design. This scattered and underdeveloped arrangement of land use suggests a lack of central control in the planning and co-ordinating of land uses. To be sure, central planning does not automatically guarantee cohesive land use but as it will be seen in Chapter four it may at least, improve the administration of land use and probably improve all other facets of land use regulation.

The distribution of land uses indicates another important characteristic. It shows that surrounding the periphery of the old city's boundaries there is no apparent distinction in the character of the land use. In other words, the political boundary interrupts an otherwise logical and uninterrupted flow in predominantly residential acreage. If it were not for the artificially drawn political boundaries it would be impossible to distinguish between the jurisdiction of the city and the improvement districts. It would be logical to unify the area but unfortunately the political realities often precludes such action.

Another important factor revealed in the land use

is that although gaps in the land-use pattern are present, for the most part, the character of the residential environment is predominantly urban, or perhaps more appropriately suburban. In short, the residential development is not scattered in terms of large lot acreage but rather in terms of the patchwork arrangement of subdivisions. Farm and hobby farm uses are only significantly apparent in Mountain Improvement District and the western portions of Northfield.

Tables III and IV, the age of dwellings and the dollar value of building permits corroborate earlier tables. The age of dwelling table reveals several important facts. First, the old city, Harewood and Mountain Districts have the largest proportion of homes built prior to 1946. The old city and Harewood are the most urbanized areas in metropolitan Nanaimo. Mountain District on the other hand is the most rural in character. Some farming activity is still carried on and homes constructed during the coal mining days remain in tact. Second, Departure Bay experienced a remarkable flurry of housing construction between 1961 and 1966 (see Table III). It was during those years that many large new subdivisions and road construction programs were undertaken in the district. Third, much of Petroglyph's recent residential growth is attributed to large mobile home parks. Finally, as would be expected when viewed in light

of the findings of Table I, Wellington and Northfield experienced the largest increase in construction in the last half decade. The availability of land suggests that the largest concentrations of future residential growth will be in these two districts.

(c) Social-Economic Characteristics

Tables V and VI reveal two of the more traditional socio-economic indicators. Table V shows the level of education for the family head. The table lists 7 levels of educational attainment. The salient factor in this table is the exceptionally high level of university graduates living in the Departure Bay area. Nearly 20% of all family heads have received a university degree. Northfield, the second highest level had 5.5% of the family heads having a university degree. The City of Nanaimo, Harewood, Petroglyph and Mountain possess similar education attainment characteristics. Between 70-75% of the family heads in these areas have not obtained a grade 12 standing.

As commonly recognized, table VI, average family income, correlates strongly with education. The old city displayed the lowest average income, but all four areas cited in the above paragraph that had similar levels of education also had similar annual average incomes. In contrast Departure Bay generated an average annual family income some \$4,000.00 higher than the second highest

TABLE VI% OF EDUCATION LEVEL OF HOUSEHOLD HEADS

<u>SCHOOLING</u>	<u>NANAIMO</u>	<u>HAREWOOD</u>	<u>NORTHFIELD</u>	<u>WELLINGTON</u>	<u>DEPARTURE BAY</u>	<u>PETROGLYPH MOUNTAIN</u>
no education	100	100	100	100	100	100
grades 1-8	99	100	100	100	100	100
grades 9-10	69	68	78	78	83	77
grade 11	42	39	48	52	70	44
grade 12	31	29	38	40	55	28
some university	14	9	13	17	33	4
degree	4	2	6	5	20	1

source: 1971 Census

TABLE VIIAVERAGE INCOME (family)

NANAIMO	\$ 8,032.00
HAREWOOD	8,212.00
DEPARTURE BAY	13,825.00
NORTHFIELD	9,535.00
WELLINGTON	9,806.00
PETROGLYPH	8,255.00
MOUNTAIN	8,300.00

Source: Census Canada, 1971

average income area.

Without a more extensive analysis of socio-economic indicators it would be premature to assert that there are identifyably socio-economic nieghbourhoods. It is however, safe to say that each improvement district and the old city displayed some characteristics that were special and individual to each local area.

1. Johnson, P.M. A Short History of Nanaimo. Nanaimo: Evergreen Press Ltd., 1958.
2. Jackman, S.W. Vancouver Island. Vancouver: David and Charles Ltd., 1972.
3. Matheson, M.H. "Some Effects of Coal Mining Upon the Development of the Nanaimo Area," M.A. Thesis, U.B.C., 1950, p. 76.
4. Forrester, E.A.M. "The Urban Development of Central Vancouver Island," M.A. Thesis, U.B.C., 1966, p. 57.
5. A.V.G. Management Services. Economic Analysis of the Regional District of Nanaimo. Vancouver: 1973.
6. In 1974, the Federal Government announced the construction of large new port facilities at Jacks Point, just north of MacMillan Blodel's 'Harmac' Pulp mill.
7. Many of the statistics in this paragraph were taken from: Tyne, R. 'Nanaimo Celebrates Century of Progress,' Trade and Commerce Magazine. April, 1974.
8. A.V.G. Management Services. Op. Cit.
9. see Apendix
10. A.V.G. Management Services. Op. Cit.

CHAPTER 4

A. INTRODUCTION

Chapter two discussed at some length the reasons which precipitate political restructure. To reiterate briefly the principal reasons include:

(a) a larger population and jurisdiction may permit a more efficient delivery of services resulting from lower unit costs;

(b) a larger and stronger tax base, resulting from larger assessments will enable better and more plentiful local government services;

(c) more logical boundaries for growth and development may permit a more economic, aesthetic and socially compatible distribution of land-uses;

(d) the mitigation of conflict and duplication caused by intermunicipal competition and jealousy;

(e) a more equitable relationship between those paying for the costs of municipal services and those benefiting from them;

(f) a larger complement of professional and technical help can be employed whose talents can be harnessed to improve the general performance of municipal government;

(g) municipal status and larger population will attract more senior government grants, afford greater borrowing powers and likely result in favourable interest rates on bond markets;

(h) citizens living on the periphery will be given the opportunity to participate in the affairs of the core city.

Obviously not all the purported benefits will necessarily be applicable to individual local conditions. Some factors may have no bearing on local conditions while others may have more important impacts. The essence of restructure however is to improve the general performance of local government.

B. POLITICAL STRUCTURE IN NANAIMO BEFORE AMALGAMATION

The development of Nanaimo has been examined in Chapter 3. It showed that over the years Nanaimo's suburbs have sprawled out into the surrounding unorganized territory. As a result various government structures and public agencies were established to provide certain services to the outlying residents.

For descriptive purposes agencies which contributed to local government in Nanaimo prior to restructure can be divided into four groups: (a) City of Nanaimo and improvement districts; (b) regional agencies, (c) provincial

departments and (d) others.

(a) City of Nanaimo and Improvement Districts

Nanaimo was a city municipality established under the Municipal Act. Its population was about 15,000 prior to restructuring and encompassed an area of about 3 square miles. The 3 sq. mile area was small relative to other British Columbia municipalities of like population.¹

It is quite apparent that its size frustrated the general development of the city to the extent that certain functions considered basic to the modern urban needs of a community were lacking. For example the city had no planning department or personnel possessing a planning background.

Surrounding the old city, local government consisted of a number of improvement districts. Chapter 3 indicated that each independent improvement district was small in population (Mountain fire protection district showing the smallest population with 600 residents and Harewood having the largest with 5,500 residents). Altogether however the outside areas contained a population greater than the old city. Individually, the improvement districts were fairly small in area, but they collectively enveloped a region close to 10 times the size of the old city.

Chapter 3 listed six improvement districts

surrounding the City of Nanaimo that participated in amalgamation, but in fact greater fractionalization prevailed. Departure Bay and Wellington had separately incorporated fire protection districts and water works districts, although both were incorporated under the Water Act. (Water works districts and fire protection districts are synonymous to improvement districts it is simply a more exact way of describing the functions provided in the Letters Patent of each District). A fundamental difficulty with this jurisdictional set up was that the boundaries of each district were not always conterminous. It was possible for example for a resident to be living in the Departure Bay Waterworks District and the Wellington Fire Protection District. This inevitably resulted in some confusion.

Chapter 2 discussed the legal implications of improvement districts. The chapter showed that they (the improvement districts) cannot legally perform policing, building inspection, animal control, street and road improvement, social welfare and certain utilities such as transit. Although the Water Act enables improvement districts to implement zoning by-laws, in the case of Greater Nanaimo none did so until the Regional District of Nanaimo intervened. Their borrowing powers were limited. Administratively,

improvement districts, for the most part, were not large in area, population, or tax base and thus if legally permitted to supply a full range of services it is doubtful that they could support the necessary staff.

A 1970 report which examined the state of local government in Nanaimo stated:²

"...improvement districts are established to provide a specific service or services. Levels of taxation are set just to cover the costs of the service and the quality of the service determines the level of taxation, thus there are virtually no extra revenues which can be used for discretionary spending to reflect the changing citizen priorities. In fact, in this respect an improvement district, more closely represents a public utility company than a true unit of government."

(b) Regional Agencies

I. Regional District

The dominant regional agency affecting local government in greater Nanaimo was the Regional District of Nanaimo.*

The Regional District was incorporated in 1967. Its jurisdiction covers an area substantially larger than Greater Nanaimo - approximately 793 square miles. Since

*The reader is referred to Chapter 2 for a discussion on the philosophy behind regional districts.

its inception the Regional District has played an ever increasing role in supplementing local service provision. As well as its mandatory functions (which include hospital and library administration, regional planning, land-use regulation in unorganized areas, regional parks and building permits) it has assumed other functions. Immediately prior to amalgamation the Regional District administered public transit, the recreation complex, ambulance service and sewer and drainage.³

Taxes were levied for public transit to residents living within a benefiting area. The benefiting area included all properties lying within 1/2 mile of the transit routes. The City of Nanaimo, Harewood, Departure Bay, Northfield and Wellington were all receiving bus transit before amalgamation. Taxes were levied for solid waste disposal expenses to all residents living within the Nanaimo School District boundaries. The recreation complex was financed in a similar fashion. Ambulance service was paid for by residents living within an area roughly defined as metropolitan Nanaimo. It included properties to the north, south and west of the amalgamated city.

In 1972 the Regional District assumed responsibility for sewage disposal. Prior to 1972, sewage and drainage was administered by Greater Nanaimo Sewage and Drainage

District (G.N.S.D.D.), a single purpose body formed some twenty years ago by a special Act of the Provincial Legislature. The Regional District, like its predecessor, acted as a wholesaler and contracted individually to each member retailer. The member retailers then set levies for the individual consumers within their jurisdiction. The retail members included, the City of Nanaimo, Harewood Improvement District, Departure Bay Waterworks District.

II. Greater Nanaimo Water District (G.N.W.D.)

Similar to the G.N.S.D.D., the Greater Nanaimo Water District was introduced in 1953 by way of a private Act of the Provincial Legislature.⁴ In contrast with the G.N.S.D.D. it has not been assumed by the Regional District. The G.N.W.D. acted as a wholesaler of water to the member retailers. They included, the City of Nanaimo, and the improvement districts of Petroglyph, Harewood, Northfield, Departure Bay and Wellington. It also contracted with all improvement districts but Harewood for servicing the system. The G.N.W.D. was run by a five member board chosen from the member retail consumers. The wholesale pricing of the water was done strictly on the basis of recouping the costs of the operation.

III. School District #68

The school district encompasses an area including

larger than Greater Nanaimo. The elected Board of Trustees are accountable for the general operation of the school district. The Board sets an annual budget and levies a mill rate for school purposes. The school tax levy is the same for both rural and urban areas and is set independently from City or Improvement District mill rates. The 1974 mill rate for school District #68 (Nanaimo) stood at 36.4 mills or \$7,679,000.⁵ Restructure will have no affect on school district operations.

(c) Provincial Government

The provincial government exerted considerable influence on local government, particularly in non-municipal areas. Departments which had important impacts on the provision of local services in the Nanaimo area includes:

Department of the Attorney General: Provides all policing and court services: The department contracts with the R.C.M.P. to provide police services in non-municipal areas;

Department of Municipal Affairs: administers all functions pursuant to the Municipal Act. All Regional Districts and municipalites are administered by this department;

Department of Education: sets out policy and curriculum guidelines and undertakes research for education throughout the province;

Department of Human Resources: social assistance is provided totally by the provincial government in non-municipal areas and on a cost sharing basis with the City.

Department of Health: health services are carried out by the Central Vancouver Island Health Unit. It provides service to both the old city and unorganized areas;

Department of Water Resources: provides two primary functions, (i) issuance of water leases for watershed purposes, (ii) administration of improvement districts (not transferred to the Department of Municipal Affairs);

Department of Highways: Nanaimo Highways District is responsible for construction and maintenance of all highways and major arterials in Greater Nanaimo. The department provides all street and roadwork services and, as an ancillary function, is the chief approving officer for subdivision in the unorganized areas.

(d) Other Bodies

There were other independent bodies which provided some semblance of public service to Greater Nanaimo residents. The most important would include:

- (i) B.C. Hydro and Power Authority - public utility
- (ii) B.C. Telephone Company - private company
- (iii) Nanaimo Disposal - privately operated, garbage collection firm
- (iv) Vancouver Island Gas Co. - privately operated natural gas retailer
- (v) S.P.C.A. - the association was under contract for the old city to provide animal control.

This brief review of public activity in local government in Nanaimo illustrates that within one fairly comprehensive and interdependant area there were numerous public agencies influencing local government. The City of Nanaimo was a small, built-up area, with a stationary population which tended to limit its tax base.

The outlying improvement districts lacked much of the necessary internal superstructure to function in a manner characteristic of an urban government. The multi-jurisdictions also hindered a healthy tax base.

The provincial government though not a local government per se played an important role in performing local services, particularly in the unorganized areas. The major drawback with provincial participation in local services was that each department performed only one function within independently drawn district boundaries. Provincial control also reduces citizen access and participation in determining service needs. There are no locally elected trustees, council members or board members to be held accountable for their actions. They cannot imitiate local government.

Greater Nanaimo was fortunate in having well established regional agencies. In particular the Regional District administered a number of services most efficiently

delivered on a regional basis. Since 1967 the Regional District of Nanaimo acquired responsibility (through Provincial statute or District by-laws) for regional planning and land use control in non-municipal areas, regional parks, building permits, hospitals, ambulance service, public transit, the recreation complex and sewer and drainage. Even prior to the inception of the Regional District, sewer, drainage and water had been incorporated as single purpose entities for regional delivery.

On the surface the suggestion of well established regional servicing would tend to disclaim and even contradict one of the basic aims of restructure - that being the improved delivery of services and the concomitant savings due to economies of scale. Regional services were plagued in their effectiveness however because the regional body acted primarily as a wholesaler and wholesaled their service to retail consuming members. As a result no overall long range plans or objectives were discussed or formulated for Greater Nanaimo. Each improvement district or the City (i.e. the individual retail members) was concerned only with meeting the service demands of their particular constituency and quite naturally were not particularly interested in ascertaining the broader implications or consequences. This condition also created certain duplication. For example water bills were sent out by each

improvement district. Each district therefore had to set up its own administrative machinery. A centralized operation would reduce this unnecessary repetition.

Giving greater authority to the Regional District in lieu of amalgamation had merit and would likely have occurred if amalgamation was rejected, however such a move has certain undesirable features. The Regional District was, and continues to be a regional agency constituted to deal with regional issues and not designed to provide total local government supervision. Their large jurisdiction does not lend itself to local control and identification.

Perhaps the biggest drawbacks to the Regional District assuming a more dominant role is the method of picking board members. Board members are elected from throughout the Regional District and thus in the case of Nanaimo Regional District an elected board member from Qualicum, British Columbia, a village about 35 miles north of Nanaimo but within the regional district's jurisdiction, would be making decisions totally local in nature.

C. PROBLEMS CAUSED BY THE EXISTING POLITICAL STRUCTURE IN GREATER NANAIMO

To determine the effect of political fragmentation it is necessary to examine in greater detail specific conditions prevailing prior to amalgamation. The analysis will

be divided into four general areas:

- (i) differences in levels of service;
- (ii) inequities between the old city of Nanaimo and the outlying improvement districts in the costs and benefits of supplying services;
- (iii) the state of planning and co-ordination in Greater Nanaimo;
- (iv) summary - others

To assist in ascertaining the effects of political fragmentation the author solicited the support of the nine newly elected city council members of the restructured city of Nanaimo. With the exception of one neophyte, all members had served in an elected capacity either as a council person with the old city or as an elected trustee of an improvement district.

This group of local citizens was selected to complement the investigations because of their unique position of being in a decision making capacity. By the very nature of their office, this well defined group of people are motivated by a deep concern and sensitivity for the direction of the community. They should presumably be attuned to the problems inherent in the previous government arrangement.

The interviews were conducted in Nanaimo early

in February, 1975. Each interview lasted approximately one hour. A structured set of questions were asked, a copy of which can be found in the appendix of this report. The answers elicited were by design subjective, as the primary objective of the interviews was to gain some appreciation for the public's perception and attitude on the existing government arrangement.

(a) Differences in Levels of Service

Variation in service levels between the local government units results from many things not the least of which is the state of government organization. This is because the quality and quantity of services rendered can only be as good as its administrative competence.

Tables I through III illustrate numbers, quality and costs of services supplied by the City of Nanaimo and the various improvement districts affected by amalgamation.

Table I lists the local governments and their functions. The old city managed a normal collection of urban services. Harewood and Departure Bay held the most complete array of services for improvement districts. The old City, Harewood and Departure Bay were the only local governments to provide a parks function. Harewood was the oldest and most intensively developed district and quite naturally reared a fairly extensive complement of urban services. Departure Bay catered to a similar number of

TABLE VIII

Local Governments and Their Functions

88.

<u>SERVICES</u>	<u>NANAIMO</u>	<u>DEPARTURE BAY</u>	<u>HAREWOOD</u>	<u>NORTHFIELD</u>	<u>WELLINGTON</u>	<u>PETROGLYPH</u>	<u>MOUNTAIN</u>
1. <u>REGIONAL</u>							
Pub. Schools	X	X	X	X	X	X	X
* Reg. Hospital	X	X	X	X	X	X	X
* Reg. Library	X	X	X	X	X	X	X
* Sewer	X	X	X	X	X		
* Water	X	X	X	X	X	X	
* Solid Waste Disposal	X	X	X	X	X	X	X
* Ambulance	X	X	X	X	X	X	X
* Recreation Complex	X	X	X	X	X	X	X
* Public transit	X	X	X	X	X		
2. <u>LOCAL</u>							
Streetlighting	X	X	X	X	X	X	
Parks & Recreation	X	X	X				
Garbage Collection	X	X	X	X	X		
Cemetaries	X						
Animal Control	X						
Fire Protection	full time	volun- teer	volun- teer	volun- teer	volun- teer	volun- teer	volun- teer
Policing	X	X	X	X	X	X	X

* Administered by the Regional District

services. It also enjoyed the highest per capita income. Its tax base was concurrently healthy relative to other improvement districts* and as one council member described it "it received relatively little static from its rate-payers."

At the local level fire protection is possibly the most basic service and in the case of 'amalgamated' Nanaimo the only service which all local government units had established. The City provided the only full time fire department while all improvement districts provided volunteer forces.

Most definately, the volunteer system is inferior in quality. It cannot duplicate a full time staff. This is reflected in fire insurance rates. In 1970, the difference between the City and Harewood rates (which were equal to the best improvement district fire rating) were \$.15 per \$100.00 of insured value for a three year period higher than the City.⁶ At today's housing prices the difference in insurance costs is appreciable.

* For example, the 1973 total taxable assessments for general purposes in Departure Bay were \$15,535,303. This compares with \$11,828,558 and \$10,082,904. for Northfield and Harewood respectively, the second and third highest improvement district assessments.

One of the major perplexities that resulted from the complex pattern of local government was that seven different fire jurisdictions invariably created confusion with boundary determination, especially when three fire districts converged in the midst of one residential subdivision. Several reports have also indicated that with the rapid growth in the peripheral districts, some of the fire departments were now not ideally located.⁷

Table II illustrates more explicitly, the variation in the quality of service. It shows that there was a wide difference in the proportion of residential properties serviced by water, sewer and street-lighting even though Chapter III underlined the fact that residential development in the improvement districts was primarily urban or more correctly suburban in character, implying that residential densities did not differ inordinantly throughout much of Greater Nanaimo. Thus with comparable densities the quality and quantity of services should logically be similar. Table II however suggests otherwise. Table II shows that although Harewood and Departure Bay were the same in terms of the number of services rendered to its ratepayers, the distribution of services to Harewood residents were more universally applied. In the instance of street-lighting the quality even exceeded that of the city, 65% of the

TABLE IX

% of Residential Properties Serviced by
Street-lighting, Water, Sewer

<u>SERVICE</u>	<u>NANAIMO</u>	<u>HAREWOOD</u>	<u>DEPARTURE BAY</u>	<u>NORTHFIELD</u>	<u>WELLINGTON</u>	<u>PETROGLYPH</u>	<u>MOUNTAIN</u>
Street- lighting	45%	65%	20%	15%	5%	17%	-
Water	100	95	95	50	90	90	-
Sewer	100	95	60	50	65	-	-

% of Vacant Residential Properties of
Improvement Districts Serviced by

Neither Water or Sewer	43%	26%	13%	37%	11%	100%
Water	11	2	78	47	89	-
Water & Sewer	46	72	8	16	-	-
Total Vacant Lots	769	403	329	880	425	309

Source: Nanaimo Regional District
(March 1974)

residential properties in Harewood enjoyed street-lighting compared to 45% for the City and 20% for Departure Bay.

The distribution of services of vacant residential properties in Table II shows that Northfield, Wellington, Petroglyph and Mountain districts have few vacant properties with full services. In fact Petroglyph and Mountain districts have none of their combined 734 vacant lots fully serviced. Wellington has 16% of its 880 vacant lots serviced with sewer and water, while Northfield has but 8% of its 329 vacant residential lots serviced with both sewer and water.

Table III shows that there are differences between the local government units with respect to the amount charged to the individual consumer for the delivery of the same service. The last three columns in Table III are most relevant. They show that sewer, water and garbage services vary significantly in charges levied to the consumer yet the quality and character of the service was the same. Under one jurisdiction costs for the same service could be equalized.

(b) Distribution of Benefits and Costs

It is contended that one of the main negative effects of local government fractionalization is the undesirable condition whereby some areas are burdened with

TABLE X

MILL RATE AND USER TAXES (1974)

93.

SERVICE	NANAIMO	HAREWOOD	NORTHFIELD	WELLINGTON	DEPARTURE BAY	MOUNTAIN	PETROGLYPH
School	36.4	36.4	36.4	36.4	36.4	36.4	36.4
Regional Dist. Hospital	8.99	9.92	9.93	9.93	9.95	5.0	7.88
General	33.4 (6.67 debt)	10.0	10.0	10.0	10.0	10.0	10.0
Improvement District	---	3.5	\$12.00 (flat rate)	3.9	7.5	4.3	4.6
Regional Library	1.1	1.0	1.0	1.0	1.0	1.0	1.0
Parks/Recreation	7.6	1.0	---	---	1.0	---	---
Sewer	7.6	9.00 + 36.00 flat rate	\$60.00 + (flat rate)	6.00 + 36.00 flat rate	7.00 + 29.00 flat rate	---	---
Garbage*	\$21.00	\$18.00	\$19.80	\$24.00	24.00	\$24.00	\$24.00
Water Average	\$48.00	\$76.00	\$50.00	\$60.00	\$60.00	---	\$80.00

source: restructure committee report

* some areas have weekly pick up
while others have bi-weekly pick-up.

providing goods and services used by neighbouring local units who do not fairly contribute towards paying for such services. In Greater Nanaimo imbalance between citizens paying for services and those benefiting from them provided considerable impetus for a restructure examination. The question of 'suburban exploitation' was put to the council members by the author and all council members agreed (in differing degrees of passion) that the old city provided services to Greater Nanaimo but were payed for by City residents only. The following is a discussion of the most important issues. Some were uncovered through the author's investigation while others were sparked by members of the city council.

1. Recreation

Parks and recreation was the facility most commonly expressed by the city council as the service most blatantly exploited by peripheral residents. The old city was the only political unit which administered a comprehensive recreation and parks program. Table IV shows that the city's per capita costs for parks and recreation and cultural facilities was \$37.00, \$33.00 of which was applied to parks and recreation. The per capita recreation and park function was higher than all other functions provided by the city with the exception of streets. Harewood and Departure Bay were the only improvement districts to provide a parks

TABLE XI

PER CAPITA OPERATING & CAPITAL EXPENDITURES OF
MAJOR SERVICES¹ (1973)

<u>Territory Population</u>	<u>WATER WORKS</u>	<u>GARBAGE</u>	<u>SEWER</u>	<u>FIRE</u>	<u>PARKS/REC CULTURAL</u>	<u>STREET LIGHTING</u>	<u>STREET CONST.³ MAINTENANCE</u>	<u>POLICE</u>	<u>HEALTH/ WELFARE</u>	<u>DEBT CHARGES</u>
Nanaimo City (15,000)	\$28.00	\$ 8.70	\$10.39	\$20.40	\$32.70 R. 3.00 C.	\$3.50	\$39.00	\$28.40	\$16.80	\$33.00
Harewood (5,000)	24.40	23.80 ²	31.40	3.81	3.40	2.40	*	*	*	21.40
Northfield (4,500)	15.70	4.60	8.00	3.40	.30	2.00	*	*	*	4.60
Departure Bay (4,000)	28.60	9.20	18.60	14.60	2.30	3.30	*	*	*	12.0
Wellington (5,100)	25.40	6.10	19.40	7.00	---	1.60	*	*	*	13.80
Petroglyph (1,300)	32.00	---	---	7.10	---	2.80	*	*	*	7.80
Mountain (600)	---	---	---	6.81	---	---	*	*	*	*

1. school, regional hospital, library, regional district, ambulance, recreation complex are taxed on a uniform basis.

* fall under the provincial government's 10 mill general levy for non-municipal areas.

2. Harewood's per capita cost for garbage appears excessive as it operates its own garbage service and contracts out to many of the improvement districts and the City.

3. Street construction and maintenance does not include general expenditures for private culverting and storm drain, parking (i.e. meter maintenance) and capital expenditures for off street parking and local improvement by-laws.

function. They spent \$3.40 and \$3.30 per capita respectively on parks and park programs in 1973. Wellington, Petroglyph, Northfield and Mountain provided no parks.

The large differences in per capita expenditures corresponds directly to the quality of recreation facilities. A 1972 study commissioned by the Regional District which looked into leisure patterns for the area and assessed the present and future levels of demand for recreation services found that all improvement districts were deficient in at least some facilities for outdoor recreation according to standards adhered to by the Ontario Recreation Standards and the U.S. Bureau of Outdoor Recreation. The City was found to be well above the recommended standards for its population composition.⁸

A collation of registrations for the city parks and recreation programs verifies the use of city facilities by outside residents. In 1970 - 1971, registration for all programs showed that 1351 were city registration and 1702 were district residents. In 1974, summer swim registrations totalled 2,300 persons, 40% were from the old city and 60% were from the outside areas.⁹

II. Taxation - mill rate

In the author's opinion the biggest 'exploitation' or more correctly, unfairness was taxation. Table IV

illustrates that the combined health and welfare costs per capita for the city in 1973 were \$16.80 or 7.3 mills.* The peripheral improvement districts were completely free of this cost. Indirectly they (the unorganized areas) payed a 10 mill general levy, taxed by the provincial government to all non-municipal areas in the province. In addition to health and welfare, policing and road and street work were supplied by the provincial government under the aegis of the 10 mill general levy.

The 10 mill levy is legislated under the Taxation Act.¹⁰ The levy has remained at 10 mills for over one-half a century, despite the significant increases in the cost of delivering these services to the public. For example, in 1973 policing costs for the city were calculated to be more than \$28.00 per capita (see Table IV) while road construction and maintenance generated an expenditure of more than \$38.00 per capita.**

In aggregate, all three services (welfare, policing and roadwork) placed an expenditure burden on the

* In 1973 one mill generated \$34,363.00 (general levy) in the city.

* The \$38.00 per capita does not represent all transportation expenses. It does not include expenditures for air transport, encumbrances, general parking (meters, off street parking and commissionaires) and capital expenditures for storm drains and off street parking projects.

the city in 1973 of \$1,263.066.00 or about 37 mills.

It can be argued of course that the outlying areas may not use the service to the same extent as the core city residents, or that the quality of the service may not be as good in the unorganized areas, and the difference in the mill rate simply reflects the difference in service quality. In some instances this may be true. For example, just prior to the 1974 amalgamation vote, the R.C.M.P. detachment employed 24 men for the City and 17 men for the non-municipal areas, now encompassed within the new city.¹¹ Hence, the police contingent assigned to the non-municipal areas were fewer in number than the City and patrolled a territory about 10 times as large as the City with approximately the same population.

With welfare, a 1970 study indicated that 58% of the social welfare case-load resided in the old city and 42%* resided in the non-municipal areas.¹² These figures support the common contention that more welfare recipients live in the core city but they tend to contradict popular opinion that all welfare recipients gravitate to the city centre.

* This 40/60 ratio between outside areas and the city was considered normal.

Policing and welfare services do suggest that either less use or an inferior quality of service was being delivered to the improvement districts. The street function however was a different story. There were approximately 100 more miles of paved road in the outside districts than the city boundaries which suggests that road costs for comparable road surfaces would be higher outside the city.

When comparing the aggregate cost of the three services to the improvement districts in relation to the City's cost, irrespective of the difference in quality, the 10 mill general levy to non-municipal areas would appear to be out of line with realistic costs.

Before any credence can be given to this assertion a more thorough examination of the costs would be necessary. Chapter VI will examine the situation more closely.

III. Tax Valuation

Another situation where inequities have historically been evident not only in the Nanaimo area, but elsewhere in British Columbia, was property tax valuation. The inequities were particularly significant in Nanaimo however because of the large part of metro Nanaimo that was jurisdictionally administered by the Province but functionally a part of the City. The inequities have resulted from the lack of valuers, unable to keep up with appreciating property values; and, a variation in assessment rates between municipal and non-

municipal areas. The latter discrepancy has resulted from there being municipal assessors for municipal jurisdictions and provincial assessors for non-municipal jurisdictions. The City's property was assessed at about 38% of actual value while the outlying areas were assessed at about 30%.¹³ This created tax burden inequities between city and peripheral landowners when taxing regional services at a uniform mill rate. (i.e. most services supplied by the Regional District.)

In time, these inequities would have been eradicated with unification, however the provincial government in 1974 made changes in legislation and assumed full responsibility for real property taxation. Within a short time hopefully all properties will be assessed on a uniform basis, regardless of whether the area is organized or not.

IV. Others

Other arguments that were suggested by the members of council that produced an imbalance between the city and outlying areas in paying for services include:

(i) promotion of the area: The City bore most of the cost for special recreational events and celebrations and for the promotion of the area to attract trade and industry. The promotion did not only benefit the city but also spilled over into the peripheral areas. While the actual amount per annum spent by the city was insignificant, it was the principle of the matter being vented.

(ii) Charity - The City was inflicted with the greatest expense of donating to boys clubs, service clubs, etc., relative to the other organized districts. Like the promotion argument, the dollar value was minimal, but the dollar amount was not at issue. It was the simple fact that the City's benevolence was benefiting the community at large.

(iii) Water - In 1953 the Greater Nanaimo Water District was incorporated. The prime beneficiary at the time of incorporation was the City. As a result, the terms of the Act creating the water district stipulated that the city would be required to pay a proportion of all water works extensions.

The rapid suburban expansion since 1953 (see Chapter III) has resulted in the admittance of outlying improvement districts into the Water District. A proportion of the ensuing capital construction of water works going into an improvement district has had to be paid for by the city even though the city would receive no benefit. In recent years the proportion of the capital cost of water extensions to any improvement district borne by the city was about 40%.

(iv) Street lighting - It was suggested by one council member that the City pays a disproportionate amount for street lighting due to commuters using the downtown core

for work and commerce. Table II illustrates that the City had the highest per capita expenditure for street lighting. This assertion however rests on very tenuous grounds. There are numerous factors which must be considered when analyzing street lighting costs, the most obvious being commercial and business revenues generated from commercial property assessment and annual business license fees, not to mention the fact that the size of the commercial and business base in the city was dependent upon outside trade. In 1973 the city realized more revenues from commercial and industrial properties than residential properties. Business licenses alone yielded revenues equal to a 3 mill general levy.¹⁵ Thus without the concentration of business activities giving rise to the need for greater street lighting, these revenues would not be generated.

V. An Exploitation Paradigm

A simple but realistic way of illustrating and supporting the thesis that discrepancies between the core city and the peripheral area existed, is to look at the 1974 property taxes (i.e. pre amalgamation) of various parcels of land both within and outside the old City as property taxes should reflect the general level of service rendered to the paying public. The author arbitrarily selected six residential parcels. The criteria for selecting

the parcels were: (a) to select comparable properties in close proximity to each other; and (b) to choose properties that visually appeared to have similar land and improvement characteristics.









Diagram 1 gives the location of the residential properties chosen. Photographs of the properties are illustrated on the following pages. All six parcels were serviced with water and sewer, paved streets, overhead wiring, open drainage ditches, no curbing and no sidewalks. The only real servicing difference was fire. All unorganized areas rely upon volunteer fire departments while the city maintained the only full time fire force.

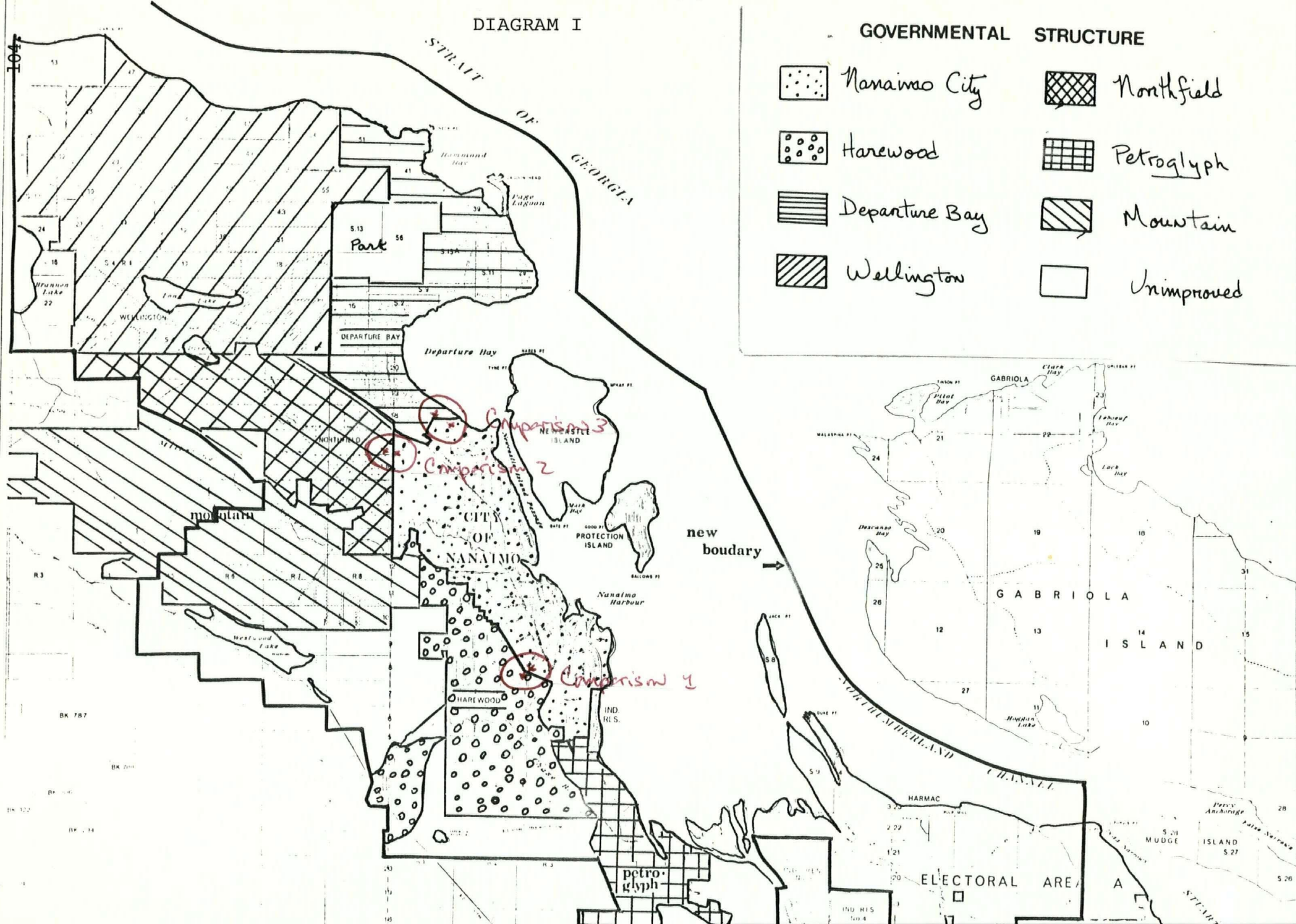
Access to goods and services located within the city or outside were essentially identical by virtue of the proximity of the selected properties. In other words, the average home owner would likely perceive his/her availability of hardcore services and access to commercial and community services as being identical, but because of boundary designations, properties on opposite sides of the street occupy different local government jurisdictions.

The following table gives the gross taxes. The comparison can only be made between the two contiguous properties. Unfortunately the assessment figures of the comparing properties proved difficult as a cross-reference

DIAGRAM I

GOVERNMENTAL STRUCTURE

	Nanaimo City		Northfield
	Harewood		Petroglyph
	Departure Bay		Mountain
	Wellington		Unimproved



COMPARISON ONE



Nanaimo



Harewood

COMPARISON TWO



Nanaimo



Northfield

COMPARISON THREE



Nanaimo



Departure Bay

because of the discrepancies in assessment rates, a problem discussed earlier in this chapter.

COMPARISON	CITY GROSS TAXES	OUTSIDE AREA GROSS TAXES	IMPROVEMENT DISTRICT
I	\$412.30	\$268.54 Harewood
II	652.24	380.78 Northfield
III	821.04	410.67 Departure Bay

The author fully realized that such simplistic analysis is open to a barage of criticism. However to the home buyer, the character of the public services and the surrounding environment and the access to public and private amenities (social, commercial, recreational, etc.) would appear to be the same. The only difference, aside from personal architectural preferences of the dwelling being the tax rate, which was consistantly twice as high in the city as outside of it.

C. PLANNING AND CO-ORDINATION IN GREATER NANAIMO

Chapter III suggested that the pattern of urban land uses in the Nanaimo area were somewhat dysfunctional. It was asserted that the reason for this scattered pattern was the lack of central planning and co-ordinating body.

The condition existing before restructure was one of jurisdictional divisiveness despite the obvious functional congruity between the old city and the improvement districts. Land use regulation, development controls,

subdivision by-laws and appeal procedures differed. There were two different zoning maps. Dual zoning and subdivision procedures inevitably produces inconsistencies and irregularities. Before 1970 all planning for the outside areas was directed from Victoria under the administrative umbrella of Community Planning Area #6. Much of the land in Wellington, Mountain and Northfield had no zoning regulations before the introduction of the Regional District of Nanaimo. The old City administered its own zoning and subdivision by-laws but not necessarily in harmony with zoning controls in the outside areas.

In the unorganized areas the chief approving officer for subdivision regulation is the Department of Highways Engineer, with the Regional District, the District Health Office and the Pollution Control Board also reviewing the land plan. It is a common and likely fair comment to make that the Highways Department is not the best agency for supervising subdivision regulations as their major focus is road construction and not subdivision control. The subdivision function is considered more or an appurtenance to the Department's main concern.

A popular form of development controls in British Columbia today are land use contracts. In all non-municipal areas a land use contract must after scrutiny by the above bodies and public hearings be submitted to the provincial

cabinet for their approval. Needless to say, this extra paper shuffling is time consuming and very often costly to the developer. While controls are necessary the bureaucratic maze is excessively cumbersome and the value of the controls is often lost in the shuffling process.

A specific question on the effects of amalgamation on planning was asked of the council members and their response was predictable. They all felt that planning was the tacit force behind the restructure proposal. With area planning under the auspices of one jurisdiction it was felt that a more comprehensive and rational approach to land use regulation would be established. There was general agreement that the slow and cumbersome bureaucratic process circumvented an effective planning process in the outside areas. When asked that if the Regional District was given greater authority to regulate and administer planning that this would then eliminate many of the problems thus obviating the need for restructure, the patent answer was that the Regional District encompassed too large an area. They (Regional District) were too widely spread out and not intimately plugged into the local area scene. Nanaimo was one functional and economic unit and political organization of this fact was long overdue.

D. SUMMARY

This chapter has identified many of the perverse

consequences of the previous local government arrangement. To a large extent, reasons for amalgamation that have been examined are more advantageous to the old city than the outlying districts. In the short run there is little doubt that the old city will receive the majority of the benefits. But this does not pre-empt the improvement districts from benefiting from the amalgamation. Improvements in planning have already been identified. The outlying districts and the city will also gain from:

(a) larger tax base, the new city would have total assessments for general purposes of \$96,524,392. as compared with only \$38,695,223. for the old city (1974 assessment rates).

(b) larger borrowing powers. The city would now borrow 20% of \$96,524,392. rather than 20% of \$38,693,223.

(c) increased municipal per capita grants. An extra 20,000 population will generate approximately a further \$680,000. for the new city.

(d) the improvement districts will specifically benefit from improved fire protection service, and the implication of a dog control program.

(e) the improvement districts will benefit from the averaging of costs of capital expenditures.

It is significant however that one of the main drives toward political restructure cited in the literature is the savings due to scale economies. In Greater Nanaimo this particular rationale was not a big factor. There had already been long established regional servicing for sewer and water. In this instance the local governments were able to unite co-operatively for their mutual benefit.

1. For example; Port Alberni, 20,063 pop., 4560 acres, Cranbrook, 12,000 pop., 3,0181 acres; Penticton, 18,146 pop., 8,558 acres; and Nanaimo, 12,948 pop., 2,369 acres. (1971 population statistics)
2. Regional District of Nanaimo. A Study in Local Government. Nanaimo: April 1970, p. 10.
3. Based on personal correspondence between Mr. B. MacKay, Director of Planning for Regional District of Nanaimo and the author, February 5, 1975.
4. B.C. Statutes, Greater Nanaimo Sewage and Drainage Act. 1959, C100, repealed 1972, s5, O.C.
5. Based on personal correspondence between Mr. J.H. Thorpe, Secretary-Treasurer school district #68 (Nanaimo) January 30, 1975.
6. Regional District of Nanaimo. Op. Cit.
7. Ibid.
8. A.V.G. Management Ltd. Patterns of Living in the Regional District of Nanaimo. Vancouver: 1972.
9. Figures obtained from Nanaimo Recreation Commission, Attendance Reports.
10. B.C. Statutes. Taxation Act. R.S. 1948, C332 s1.
11. Based on personal correspondence with Inspector D. Webster, Officer in Charge, Nanaimo, R.C.M.P. Detachment and the author. February 4, 1975.
12. Regional District of Nanaimo. Op. Cit.
13. Statement by Mr. R. Rowledge, City Treasurer, personal interview.
14. Ibid.
15. City of Nanaimo. Financial Statement for the year ending December 31, 1974.

CHAPTER 5

A. INTRODUCTION

The concept of restructuring the political geography of Nanaimo was not a new or innovative notion. For well over a decade informal discussions had taken place; notwithstanding the fact that since the incorporation of the city in 1874 its boundaries had been extended four times, in 1887, 1927, 1946 and 1952. The 1952 boundary extension nearly doubled the size of the city and increased its population base by 3,500 people.¹

Prior to 1974, metro Nanaimo had already experienced one amalgamation proposal. The first attempt to recast the political structure of the area was made in 1970. On June 6th, 1970 a plebiscite was held asking the electorate to decide the fate of an amalgamated area roughly the same dimensions as the 1974 restructured area. At that time, provincial legislation guiding amalgamation procedure were more stringent than in 1974. The 1970 vote required an overall 60% majority approval. When the ballots were counted, the approval fell shy of the 60% plurality by 31 votes.

B. BACKGROUND TO 1970 VOTE

The 1970 merger proposal was engineered by the

Regional District of Nanaimo. Their background efforts culminated with the production of a report on the local government structure.² Ostensibly the report analyzed and evaluated the productivity of the various public services then being administered. The report took nearly two years to compile. It was not released for public review and comment until April 24, 1970, just five weeks prior to the referendum. Approximately a week after the report was released a citizens committee composed of 26 prominent Nanaimo citizens was established to promote the merits of amalgamation. The promotion consisted of extensive public meetings, dialogue with local service clubs and business groups and newspaper advertising.

In the final analysis however, the committee's efforts proved to be unsuccessful. The reasons for the failure of amalgamation in 1970 can never be fully accounted for. Reaction and comment in the local newspaper in the weeks following the vote evoked three dominant themes which were at least in part, influencing factors that led to the defeat of the proposal.

One criticism was the time given to present the findings of the report produced by the Regional District. It was suggested that there was not enough time allotted to permit thorough public discussion and reaction.

With only four to five weeks of public relations available to promote the virtues of amalgamation there is possibly some credence to this argument.

A second, and perhaps most influential fault with the 1970 amalgamation procedure was that too much was left unanswered; too many factors remained uncertain. The Local Government Report assessed the delivery of services as they were then being executed and it suggested that fire protection, zoning, waste removal, land-use planning, subdivision control, animal control and parks and recreation would benefit from an amalgamated city. The Report however, did not ascertain, even in a cursory way the financial implications of re-structure, that is, what the new tax structure would look like. There was also no resolution of the changes in function and responsibility. (For example, no real thought had been given to what would happen to the improvement districts' fire stations). A number of editorials and letters to the editor expressed their vexation over the lack of concrete fact and detailed information on amalgamation.

A third objection aired was that many people wanted each participating district to decide its own destiny. That is to say, the aggregate majority vote system should be changed so that the decision to unite with the city would be

made on a district by district basis.*

The defeat of amalgamation in 1970 however did not totally discourage several of the more avid citizens from foreseeing the day when merger would become a reality. A headline in the local newspaper several weeks after the defeat of amalgamation conveyed this attitude. It read, "Amalgamation isn't Dead, Just Resting After Setback."³

C. INTERIM PERIOD - 1970 - 1974

Between 1970 and 1974 several events occurred that deserve comment. These events brought amalgamation into the spotlight.

Initially there was a change in provincial administration. With the new administration came a mandate for change. One of the changes which provoked a great deal of controversy was the 'shot-gun' style marriage of the communities of Kamloops and Kelowna with their respective outlying areas. Regardless of the merits of the forced amalgamation the action received headline coverage concerning the heavy handedness of the provincial government. The government was accused of being totalitarian, oppressive and

* The aggregate system remains in the statutes. As recently as March, 12, 1975 a M.L.A. has made presentation to the Legislature calling for a change in the system in an effort to encourage North Vancouver District and North Vancouver City to undertake an amalgamation vote. The Vancouver Sun (Vancouver), March 12, 1975, p.12.

and acting out of political retribution. The desirability or benefits derived from the action was lost in the course of the political commotion.

In the fall of 1973 amendments to the Municipal Act were introduced. The amendments changed the rules and procedures for amalgamation. The term amalgamation was dropped from the vocabulary of the Act, presumably because of the bad connotations the word had received from the Kamloops and Kelowna affair. The 60% majority vote requirement was lowered to a simple majority.⁴

D. RESTRUCTURE 1974

The first formalized attempt at reviewing restructure in Nanaimo was initiated by the Provincial Government. In the fall of 1973, the Minister of Municipal Affairs called a meeting of all the elected representatives in the greater Nanaimo area at which time he expressed his concern over the state of the government administration. At the meeting he requested that all improvement districts, the city and the regional district appoint a restructure committee to look into the prospects of reforming the local government organization and consider:⁵

(a) consider and recommend boundaries for the newly incorporated municipality;

(b) consider the tax structure for the new municipality;

- (c) consider the disposition of assets and liabilities of the present units;
- (d) consider the servicing policy;
- (e) consider the revenues and expenditures;
- (f) consider the structure of council;
- (g) consider other matters as may be referred to by the Minister.

To look at these objectives fully, an executive or 'main committee' and four sub-committees were formed. The sub-committees included: (i) budget and taxation; (ii) council structure; (iii) utilities and service and (iv) fire protection. The chairman of the restrucutre committee was a Mr. Rod Glen, who had had long standing service as a trustee of Harewood and who had played a prominent role in the 1970 restructure activities. The other members were elected trustees, council members or board members from every government jurisdiction in metropolitan Nanaimo.

It would be inadequate to say anything less than a great deal of effort and energy went into the deliberations and recommendations of the restructure committees. A six inch compendium of the minutes of the various committee meetings now sits on a shelf in the Regional District of Nanaimo's library in recognition of their efforts.

Between January and September, 1974 the committees

met independantly, as a whole, and with representatives of the provincial government. The final report was printed in October, 1974, their recommendations having received the support of the provincial government. The major recommendations included:

(a) the election of alderman by a ward system and the election of the mayor at large;

(b) all fire and water districts would be dissolved within six months of the date of incorporation;

(c) all assets (and liabilities) would be transferred to the new municipality;

(d) the Greater Nanaimo Water District would continue to function, ad interim, until the new municipality decides whether the Greater Nanaimo Water District should retain control or whether the new city or the regional district should assume the administration.

(e) within a reasonable time period, equalize the differences in water rates;

(f) improve the ratio of police to population, and make it uniform throughout the area;

(g) integrate the fire services, place a limited number of paid personnel in all satellite fire halls;

(h) create three taxation categories, urban, suburban and farm. These categories should relate to the level of services that are available.

E. PROVINCIAL CONTRIBUTION

Compared with the 1970 amalgamation proposal the provincial government contributed in a much more substantial manner. In 1970 the province promised a lump sum of \$920,000.00. In 1974 the provincial government pledged:^{*6}

- (a) \$4.7 million in grants;
- (b) a continuation of full responsibility for road maintenance and construction in the outlying areas for five years;
- (c) a continuation for five years of financial support for policing costs attributed to the outlying areas.

A preliminary budget was drawn up, based on the recommendations of the various committees. Based on a mill rate structure for 1975 was submitted. The breakdown was:

- (i) urban rate: 40 mills - consisting of

*Provincial contribution to Kamloops, Kelowna and Prince George (which received a favourable restructure vote at the same time as Nanaimo) were: Grants of \$5,515,000. to Kamloops; \$4,315,000. to Kelowna and \$5,174,684. to Prince George. Road Construction and maintenance and policing responsibility for 3 years followed by an on-going provincial/municipal street and maintenance program and policing assistance based on an urban/rural division of the municipality for Kamloops and Kelowna. Prince George will receive the same provincial contribution for policing and streets as Nanaimo.

source: a reply by the Hon. J.G. Lorimer, from a question by MR. H. Curtis, Rules and Procedures of the British Columbia Legislative Assembly, No. 36, April 7, 1975.

old city and all industrial and commercial properties;

(ii) suburban rate: 15 mills - consisting
of all areas outside the city except farms;

(iii) farm rate: 5 mills.

In arriving at the mill rate structure some additional expenditures considered essential were added into the calculations. These included \$500,000. for paid firemen in satellite fire halls; \$70,000. principal and interest for a new branch library (financed over 20 years); \$100,000. principal and interest for recreation facilities (financed over 20 years); \$63,000. for a dog control program and \$600,000. for major public works.

The tentative mill rate structure for the first year of operations of 40:15:5 indicated that a decrease of about 9 mills would be enjoyed by the old city. The outlying areas would remain approximately equal to the previous year. Thus when the restructure committee presented their final report to the public they could honestly state that restructure posed no serious threat to property tax escalations.

It was recognized that a number of capital expenditures would be required to accomodate the greater volume

of people being managed under one jurisdiction. Therefore some of the \$4.7 million provincial grant would be spent immediately on programs such as updating fire equipment, additions to City Hall, additions to the police station, purchase of more garbage trucks and a dog control shelter. These costs were estimated at \$1.06 million. This tentatively left about \$3.1 million of the \$4.7 million provincial grant in a reserve fund to defray the extra costs that would be incurred in five years time when the city would assume full responsibility for the roads and policing function.

As the realities of the new city unfold, and a complete budget for 1975 is drawn up, city council is finding it difficult to stay within the preliminary budget guidelines prescribed by the restructure committee. It is likely that the mill rate will be slightly higher than the preliminary estimate had indicated. Many of these costs have been caused by unanticipated increases in basic administration and labour. For example a new salary contract with the civic workers has cost roughly an extra one million dollars, equal to about 9 mills in the new city.* It is also recognized that the estimated capital expenditures will consume more of the provincial grant than originally planned, hence, reducing the reserve fund.

* For 1975, 1 mill under the restructured city will return about \$110,000. to the City.

F. RESTRUCTURE OBSERVATIONS

The arguments that were advanced in the 1974 campaign were much the same as in 1970. In 1974 however, the facts had been gathered. There was a much superior level of preparedness.

The major theme put forth by the proponents of restructure was the need for better planning. Quoted in the local newspaper, the Hon. Mr. J. Lorimer, the Minister of Municipal Affairs emphasized this theme.⁷

"To prevent urban sprawl and to stop illogical planning in areas adjacent to the city some form of centralized control in planning is necessary. Under a union or meld of the present city of Nanaimo and the adjacent settled areas, such controls are possible and the entire area can be geared toward its future in a systematic sensible manner, rather than a haphazard one.

An editorial in the same paper reiterated the Minister's motif.⁸

"It is hoped for one reason alone - planning - that the amalgamation is approved - so the area can develop sensibly and purposefully on a single city basis rather than with a variety of unrelated and uncoordinated plans which hinder rather than help the future of the area."

While the major theme of the Nanaimo restructure was planning, other important issues were raised. One very important issue was equalization.

One of the primary objectives of amalgamation was to equalize service levels throughout the urban portion of the new city. Concomitant with the standardization of services would be an equalization of the urban and suburban mill rates.. Hence the gap between the 40 mill urban rate and the 15 mill suburban mill rate proposed by the restructuring committee will be reduced ultimately to a uniform rate. This is the only practical way of ensuring that the financial burdens of the city will be distributed equitably.

Other more traditional benefits were advanced such as a greater tax base, greater borrowing capacity, more government transfers, and so forth.

The most pronounced objections could be categorized into two general subject areas:

- (a) a self-interest attitude
- (b) fear of higher taxes

Several letters to the editor typify the former category. Statements such as "things could get along well without amalgamation, as they are now", and "all benefits will go to the city, we (outlying improvement districts) will get nothing", expressed the basic theme of this objection.

Taxes, an important issue to the homeowner, provided the most persuasive and convincing argument against

restructure. The fear of higher taxes was an unanimous conclusion reached by the nine council members when asked why there was such a high proportion of negative votes. The objector's claims, that taxes would escalate, were made ever more credible with reports emanating from Kamloops and Kelowna just weeks prior to the vote, that they were asking the provincial government for an interest free \$12 million dollar loan to help defray the costs of their forced amalgamation.⁹

It is perhaps a lesson in human behaviour that higher taxes was given as the main reason for the strong negative vote irrespective of the restructure committee's preliminary budget which indicated little or no change in the tax structure. People react with natural reservation toward political assertion. This behavioral characteristic was typified by a letter to the editor which read.¹⁰

"...no one can convince me irrespective of all tempting carrots dangled in front of the populace that our taxes will be lowered, other than for a short time."

Publicly, there was little visual evidence of public aversion or apprehension about restructure stemming from the less tangible things such as loss of identity or loss of life style, although political and historic divisions were present. Without more thorough investigation it can only be concluded that either they were not a factor, or, more logically, these types of factors are more personal hence unlikely to enter into the mainstream of discussion.

The Mayor however, spoke out publicly on the necessity of retaining the old city's heritage. He was quoted in the local newspaper five days before the restructure vote as telling city council that "he was concerned that the City of Nanaimo retain its one hundred year history."¹¹

One facet of the pre-election activities that sparked considerable public discussion was the ward system. The restructure committee recommended that the aldermen should be elected by ward rather than at large. It was felt that a ward system would 'soften' the impact of the changed political structure. It was alleged that a ward system was essential to ensure that council members were knowledgeable of the special idiosyncracies of each ward. All but one council member were in favour of abolishing the ward system. They felt it was apt to lend itself too readily to parochialism, when the objective of restructure was to unite the area under one corporate seal.

The council consists of a mayor and 8 aldermen; three elected from the old city and five elected from wards which roughly corresponded to the boundaries of the old improvement districts. In accordance with the recommendations of the restructure committee, provision was made for the conducting of a referendum, (within two years of the date of incorporation) to determine whether or not the retention of the ward system was desirable. If the council member's

opinions are representative it would appear that future municipal elections will be carried out on an area wide basis.

Reviewing the local newspaper, one very important observation was the number of editorials and letters to the editor that expressed the concern over the lack of information disseminated to the public. A call came from various citizens headed by the mayor, for the provincial government to postpone the referendum date to allow for better public dialogue and reaction to the restructure committee's final report. The provincial government however did not capitulate on the November 2nd referendum date. Although public meetings were held, attendance,* press coverage and propaganda in the local newspaper was discernably less than in the 1970 campaign. This surmise was convincingly illustrated with the low voter turnout (37.9%) and the marginal majority vote. Compared with the 1970 campaign there was 12% less turnout and ironically an

*For example, the final large public meeting with representative from both the provincial government and the restructure committee failed to attract even 100 people.

See Nanaimo Daily Free Press, October 26, 1974

8% drop in popular approval. A breakdown of the voting behaviour is as follows:

DISTRICT	% IN FAVOUR 1974	% IN FAVOUR 1970	% OF TOTAL AMAL- GAMAGED POPULATION
Advance poll	52	58	
City of Nanaimo	87	82	43
Harewood	51	60	14
Northfield	39	42	12
Departure Bay	39	41	11
Wellington	25	31	14
Petroglyph	29	24	4
Mountain	37	29	2
Average:	52.1%	59.6%	100%
Participation rate:	37.9%	49.9%	

source: returning officer

The participation rate statistic is significant. It is important to note that such a large segment of the voting populace did not cast their ballot when the outcome could have had a significant impact on their community.

This lack of motivation among voters would appear to be, at least in part, due to the lack of public awareness and understanding of the restructure process. There was discernably less public relations effort in 1974 in comparison to 1970. In both restructure bids editorial support was given by the local newspaper. There was however more newspaper articles discussing the merger and publicly

announced support by community groups in 1970, than in 1974. For example on June 3rd, and 5th, 1970 full page ads supporting the merger were inserted into the local newspaper and paid for by the Citizens Committee. In 1974 the same promotion and citizen participation was not evident. The assertion that the reduction in the popular support in 1974 was due in part to the lack of good information dissemination and open support by community groups and prominent citizens is in keeping with the conclusions of Hawley and Zimmer,¹¹ Hawkins,¹² and Schaffer,¹³ referred to in Chapter 2. They claimed that a general lack of knowledge and lack of open public support by local organizations and prominent individuals was a fundamental factor in the failings of government restructure proposals.

Irrespective of the reasons claimed to inhibit merger attempts the November 2nd, 1974 vote did receive the required 50% majority and a new enlarged City of Nanaimo was born.

1. The Daily Colonist (Victoria), June 6, 1970, p. 20.
2. Regional District of Nanaimo. A Study in Local Government. Nanaimo: April, 1970.
3. The Nanaimo Daily Free Press (Nanaimo) June 29, 1970.
4. An Act to Amend the Municipal Act. Chap. 70, 1973.
5. Final Report of the Nanaimo Restructure Committee. October, 1974, p.1.
6. Ibid. p. 5.
7. The Nanaimo Daily Free Press (Nanaimo) October 24, 1974, p. 1.
8. Editorial, The Nanaimo Daily Free Press (Nanaimo) October 24, 1974, p. 4.
9. Vancouver Sun (Vancouver) October 7, 1974.
10. Our Reader Writes, The Nanaimo Daily Free Press, (Nanaimo) October 17, 1974, p.5.
11. The Nanaimo Daily Free Press (Nanaimo), October 29, 1974, p. 9.

CHAPTER 6

A. INTRODUCTION

The affirmative vote on November 2nd, 1974 was, from a pragmatic viewpoint, a sensible course of action. The realization of a cohesive, homogeneous unit will go a long way to improving the organization climate of the area. Alan Altshuler,¹ in his book, "The City Planning Process: A Political Analysis", states:

The primary purpose of a government should be to provide an ordered framework in which civilization can prosper.

It is apparent that restructure will at least in part, create a more orderly government in which the citizens will benefit and prosper. Restructure will afford the opportunity to improve the delivery of services, mitigate inequities in service levels and resolve many of the land use irregularities. The previous multiplicity of control and responsibility was untenable. It would appear from the author's vantage point, that restructure will improve the performance of local government in the Nanaimo area.

Restructure however is not a panacea. Restructure cannot be interpreted as an automatic or guaranteed resolution of problems and conflict. The transformation

will be difficult, filled with anxiety for both the public and city council and quite likely more costly than the restructure committee had projected.

City council will be faced with many very sensitive and politically difficult decisions. Their most difficult task will be reconciling any large scale cost increases with the public, particularly (as Chapter 5 has shown) because of the overwhelming rejection of restructure by the improvement districts.

Many of the capital cost estimates by the restructure committee (such as additions to the police station, city hall and updating fire equipment) will likely be low² as a consequence of current escalations in material and labour costs. The same can be said for general city hall administration, particularly salaries for clerical and technical staff that the enlarged city will require. For example, the new city has already filled a new city managers position at an advertised annual salary of between \$33,000. and \$37,000. A Director of Planning was just recently hired at an advertised salary in excess of \$20,000. These two new positions will necessitate additional support staff. Thus while one of the alleged advantages of an amalgamated city is the ability to hire professional staff, expertise does not come cheaply.

It is estimated that in 1979, when the policing and road construction for the outlying areas becomes the full responsibility of the city, taxpayers will be confronted with extra annual costs of more than 1.5 million dollars,³ (over and above the old city's expenditures for these services). This is the result of improving the outside area's police contingent to the standard of the old city and improving the ratio of police to population in general; and the extra costs attributed to the construction and maintenance of the street system which will include the necessary purchase of new machinery, workshops and the hiring of additional personnel. It is obvious when considering these costs, that the \$3.1 million reserve fund designed to defray the policing and street costs will be quickly exhausted.

In several areas there is an immediate need for sewer and/or water services (particularly Petroglyph and Wellington) and although the city council has not, as yet made a decision on how these services are to be financed the present thinking is that the costs will be averaged throughout a 'benefiting area',⁴ (which will be comprised of the majority of the new city). Capital construction costs to pay for these future service extensions will be an added expense that will be borne by the taxpayer.

City council is also currently wrestling with the

problem of satellite fire stations. The restructure committee recommended at least one full time fireman at each of the five satellite stations. In terms of salary alone this represents:

$$5(\text{stations}) \times 4 (\text{men per station manned 24 hrs. per day}) \times \$13,000. (\text{annual salary}) = \$260,000.00$$

The problem for council in this instance however, is not so much the cost of full time personnel but rather the difficult and sensitive problem of deciding whether to abandon or retain the volunteer fire system. Many of the volunteer departments are unhappy with the prospect of being relieved of their duty. Present indications are that, at least for the near future, the volunteer fire departments in the satellite areas will continue.

B. OBSERVATIONS, RECOMMENDATIONS AND FURTHER RESEARCH

Although this dissertation stated at the outset that no specific hypotheses was being put forth, the analysis has revealed several important observations and conclusions that deserve further comment and analysis.

The first observation is more properly a criticism. It stems from the above mentioned suggestion that the overall costs of re-organizing the government structure may well be more expensive than had originally been projected and that the provincial government's commitment of \$4.7 million may be insufficient.

Many of the problems inherited by amalgamation have been created by the provincial government. The attendant costs (which translates into higher taxes) could have been arrested if greater care was exercised when incorporating non-municipal areas so as not to produce the maze of independent incorporated districts experienced in greater Nanaimo. To be fair, efforts have been made in recent years to improve the provincial government's management in non-municipal areas by organizing all local government administration under one provincial department. (see Chapter 2). Furthermore the recent growth and development of Regional Districts has greatly enhanced land use planning in non-municipal areas.

Nevertheless, the provincial government over the years allowed fractionalization to flourish and if greater Nanaimo is to embark on a reformed political administration it is the responsibility of the provincial government to ensure that the new local administration is given ample economic support so that it is not economically emasculated and continually trying to 'catch-up'.

So as not to place any excessive or undue burden on the new city, it is RECOMMENDED THAT THE PROVINCIAL GOVERNMENT BE PREPARED TO SUPPLEMENT THEIR ASSISTANCE TO THE NEW CITY IF THE COSTS OF RESTRUCTURE BECOME UNMANAGEABLE.

This recommendation must be qualified with a supporting statement on the Provincial Government's current financial commitment. The Province has already agreed to a \$4.7 million grant - which was the amount the Nanaimo restructure committee estimated

to be required. If their (the restructure committee) calculations are low, and it is likely that they will be, the Province would be well advised to be more critical of the auditory performance of local restructure committees in any future restructure proposals. The Province is not and cannot be a bottomless source of revenue for municipal oversights and mismanagement.

A second and most noteworthy observation and recommendation stems from the discussion of Chapter 4. It is very apparent from the analysis in Chapter 4 that non-municipal areas are enjoying a tax subsidy courtesy of the provincial government. The examination of services rendered by the provincial government illustrates that the 10 mill general levy imposed under the Taxation Act,⁵ to non-municipal areas is not a fair assessment of the benefits received. The 10 mill general levy provides for policing, health and welfare, road construction and maintenance services as well as a host of other administrative services that municipal residents are obliged to pay.

Chapter 4 indicated that the three services mentioned in the above paragraph amount to some 35 mills for the old city. Discounting per capita municipal grants, these three services alone still amount to 21.5 mills* or some 10.5 mills higher than the general 10 mill levy. (see below).

* per capita grants for the 'old city' in 1973 were:
 \$479,336.00. \$478,336.00 - \$34,363 (the amount 1 mill generated)
 = 13.92 mills, 35.43 - 13.92 mills - 21.51 mills

A more appropriate and accurate way to assess the situation would be to try and formulate a mill rate structure based on the assessed value of land in the improvement districts and the approximate amount that the three services cost the provincial government for supplying them to the outside districts.

Chapter 4 indicated that annual policing costs to the old city (1973) were \$426,806.00 for a 24 man detachment. The number of men assigned to the improvement districts was 17. Therefore it can be estimated that the approximate cost attributed to the outside areas would have been:

$$17 / 24 \times \$426,806. = \$302,320.91 \qquad 302,320.91$$

it was also indicated in chapter 4 that the ratio of welfare recipients was 60:40 - 60% to the city and 40% to the improvement districts. Social welfare costs to the city (1973) were \$209,330.87. Thus the proportion of the costs allocated to the outside areas would be approximately:

$$\begin{aligned} 100/60 \times \$209,330.87 &= \$348,884.78 \\ 40\% \text{ of } \$348,884.78 &= \$139,553.91 \qquad 139,553.91 \end{aligned}$$

Public health services amount to \$6,744.24. These costs are predominantly related to population size and as the outside areas have a slightly larger population than the

old city, it is fair to assume that the costs will be at least the same, \$6,744.24. 6,744.24

Finally a cost schedule estimate of all Department of Highways costs attributed to the outlying areas for 1973 was \$408,400.00. The total cost of these three functions were therefore: 408,400.00

$$\begin{array}{r} \$302,320.91 + \$139,553.91 + \$6,774.24 + \\ 408,400.00 = 856,979.06 \end{array}$$

\$856,979.06

Assessment rates for the Improvement Districts are available from municipal statistics.⁶ In 1973 assessments for general municipal purposes were:

<u>ELECTORIAL AREA</u>	<u>IMPROVEMENT DISTRICT</u>	<u>ASSESSED VALUE</u>
B	Harewood	\$10,082,904.
D	Northfield/Mountain	11,820,558.
E	Departure Bay	15,535,303.
F	Wellington	14,591,359.
A	Petroglyph (part of)	5,000,000.
		<u>\$57,038,124.</u>

Total assessments for Petroglyph cannot be accurately extracted from the statistics as the electoral district covers a considerably greater area than Petroglyph Fire Protection District. Due to its small size, population and building characteristics, a \$5,000,000. assessment, would, in the author's opinion be a liberal estimate.

The above information now permits the calculation of a mill rate:

expenditure for three services	= \$856,979.06
1 mill = 1/10 or \$0.001	
.001 x \$57,038,124	= 57,038.12
(what 1 mill generates),	
\$856,979.06 ÷ \$57,038.12	= <u>15.02 mills</u>

Thus the analysis shows that the mill rate should be substantially higher than the present 10 mill rate, particularly when there are numerous administrative services which also fall within the 10 mill package, (for example, subdivision approval by the Highways engineer is done by a public servant in a municipality whose salary is paid by the municipality's taxpayers).

The consequence of this greatly subsidized tax rate structure is that it becomes considerably more difficult to restructure communities. People naturally shun the prospects of paying more for something which they are already getting for less. Posing this conclusion in a letter to Mr. C.H.L. Woodward, Associate Deputy Minister of Municipal Affairs (Victoria) his rejoinder supported this hypothesis:⁷

"The fixed 10 mill provincial rate which has been in place since at least 1918 fails to recognize the actual cost of services provided by the province to non-municipal areas. This fixed rate coupled with the ever growing municipal tax rates makes it difficult to introduce change in municipal structure with each passing year."

It is recommended therefore that A COMPREHENSIVE STUDY OF THE BENEFITS RECEIVED BY NON-MUNICIPAL AREAS AND THE AMOUNT CHARGED TO THEM FOR PROVINCIALY PROVIDED SERVICES BE UNDERTAKEN WITH THE VIEW OF COMING UP WITH A FLEXIBLE METHOD OF MEASURING THE BENEFITS AND COSTS SO THAT THE RATE CAN FLUCTUATE WITH THE ANNUAL COSTS OF PROVIDING THE SERVICES.* It is of the utmost importance that an accurate assessment of the benefits and costs in non-municipal areas be attained in the interest of fairness, equity and of producing agreement or rational organization of municipal functions.

A third conclusion stems from the descriptive analysis of Chapter 5. It is apparent that success in reorganizing the pattern of local government requires a particular type of implementation process. The 1970 amalgamation vote in Nanaimo was preceded by a competent publicity campaign but was somewhat remiss in detail. To some extent the reverse was true in 1974. Despite having more fact and detail the 1974 restructure vote received less support, and if it had not been for changes in legislation

* At the time of writing the Provincial Government has formed a committee to look into all aspects of taxation in British Columbia. Hopefully this very serious problem will be reviewed.

(lowering the acceptance rate to a simple majority) the 1974 proposal would have also been scuttled.

The major theme in Nanaimo was planning. It is only natural that selling a whole new product - a new city - on something as nebulous as planning will meet stiff opposition unless a very thorough indoctrination program is included. A program not just indicating the virtues of planning, but amplifying all benefits that political restructure will engender. In Nanaimo, for example, a fifth sub-committee could have been struck to prepare and plan a public education and propaganda campaign.

It would be advisable in future restructure proposals that AN ACTIVE EDUCATION PROGRAM FORM AN INTEGRAL PART OF THE RESTRUCTURE PACKAGE. Hopefully the benefits of restructure will percolate throughout the community thereby making restructure more palatable for the public to digest.

Inherent in this recommendation is a bias in that it assumes that restructure is the only course. It assumes that alternative views are motivated by self interest and/or shortsightedness. In some instances this may be true while in others it may not. ~~be.~~

Although I am a strong supporter of amalgamation I am personally inclined to take the view that so long as

there are not manifest inequities between the local governments and so long as ample supervision of environmental standards are maintained, if the affected parties reject amalgamation (even if rejection will result in increased costs to them) their collective decision should be recognized. This 'concession' would only occur however, after a thorough examination and explanation of the effects of amalgamation had been undertaken and a negative result had been encountered at the polls. If conditions deteriorate to the point where human life is endangered or where environmental conditions are adversely affected and no action to reconcile local government differences is apparent the provincial government may be left with no alternative but to use less democratic measures (i.e. forced merger). This was the case in the communities of Kamloops and Kelowna. If such action becomes necessary it might be prudent to incorporate a less orthodox government structure. For example, enlarging the city council to say 15 to 20 members; or applying quasi-federated government structure. Such actions however should only be taken in concert with local resident participation.

C. FURTHER RESEARCH

There are three areas where further research is warranted. The most immediate and already mentioned is the undertaking of a cost accounting study in non-municipal areas.

Two other research areas focus more on specific aspects of the Nanaimo restructure.

One area of study is to examine the municipality's financial picture in approximately six years time when all cost obligations have been assumed by the new municipality. Only then can a complete analysis of the dollar implications of amalgamation be ascertained and the costs and adviseability of restructuring other communities be recognized.

The other area of research that could provide an interesting corollary analysis to this thesis would be to analyze, in several years time, the extent to which pressures are exerted to develop to the north (Lantzville area) and to the south (Cedar area) of the new city. The pattern of voting revealed a strong rejection of amalgamation by the outlying residents and as the quality of services in these areas improve and are made uniform, and as taxes increase to pay for the higher level of services, it would be interesting to observe if their objection to amalgamation gives rise to a demand to move outside the new city and into areas that remain unorganized.

D. SUMMARY

At the outset of this chapter, it was stated that,

from a planning perspective, restructure is a most progressive step but that there will be some difficult times and certain negative spin off effects. Judging from voter response, it is apparent that a significant portion of the populous was opposed to the increased regulation and control implicit with amalgamation. Yet there is an overwhelmingly strong case for having a community with some degree of planned structure, order and predictability within it. It seems to be the only way in a complex and growing society to achieve a satisfactory environment, adequate services and facilities and a manageable tax bill.

The immediate future of Nanaimo may include some difficult and perhaps costly times. However in the author's opinion the decision to amalgamate will have long range benefits far outweighing any short run disadvantages. For any inconveniences which may be encountered during this 'gestation' period, the citizens of Nanaimo can perhaps be solaced by the following quote.

"...so in all human affairs, one notices, if one examines them closely that it is impossible to remove one inconvenience without another emerging...Hence in all discussion one should consider which alternative involves fewer inconveniences and should adopt this as the best course, for one never finds any issue that is clear cut and not open to question."

Machiaveli, THE DISCOURSES

1. Altshuler, A. The City Planning Process: A Political Analysis. Ithaca: Cornell University Press, 1965, p. 316.
2. This is the opinion held by the author and supported by Mr. R. Rowledge, City Treasurer for Nanaimo.
3. These costs are estimated at an average 10% per annum inflation. The policing costs were derived in proportion to the 1973 expenditure of the old city at a ratio of 1:625. Road expenditures were determined from 1973 expenditure estimates.

Police: 20,000 (outside residents - 625 = 32 police required)

$32/24 \times 355,239.81$ (expenditures for 24 police for Nanaimo in 1973)

= \$473,653.04 - 1973

\$473,653.04 x 10% inflation to 1979 = \$839,104.00

Road: \$408,400. = 1973 costs to outside areas

\$408,400. x 10% per annum inflation to 1979
= \$723,505.00

\$100,000. - new equipment, workshop,
etc., \$100,000.00

\$1,662,609.00

4. Statement by R. Rowledge, personal interview, April, 1975.
5. B.C. Statutes. Taxation Act. 1960 C376 and Amendments.
6. B.C. Department of Municipal Affairs. Municipal Statistics. 1974.
7. Based on personal correspondence between Mr. C.H.L. Woodward, Associate Deputy Minister of Municipal Affairs and the writer, February 18, 1975.

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WRITTEN CORRESPONDENCE WITH:

1. Mr. G. Frith, Administrator, Nanaimo Regional General Hospital, January 27, 1975.
2. Mr. B. MacKay, Director of Planning, Nanaimo Regional District, January 17, 1975 and February 5, 1975.
3. Mr. W. Morris, District Highways Manager, Department of Highways, February 24, 1975.
4. Mr. J. Stendebach, City Planner, City of Kelowna, March 20, 1975.
5. Mr. J.H. Thorpe, Secretary Treasurer, School District #68, (Nanaimo), January 30, 1975.
6. Inspector D. Webster, Officer in Charge, Nanaimo R.C.M.P. Detachment, February 4, 1975.
7. Mr. C.H.L. Woodward, Associate Deputy Minister of Municipal Affairs: January 29, 1975, February 28, 1975 and April 29, 1975.

PERSONAL INTERVIEWS:

Ald. R. Brookbank	}	Council Members for the Amalgamated City of Nanaimo.
Ald. J. Ferguson		
Ald. G.L.Hall		
Ald. T. Kelly		
Ald. K. Medland		
Ald. J. Moffatt		
Mayor F. Ney		
Ald. G. Sedola		
Ald. A. Virostko		

Mr. R. Rowledge, treasurer, City of Nanaimo.

Mr. B. MacDonald, Chief Commissioner, Greater Nanaimo Water District.

Mr. W. Mackay, Director of Planning, Nanaimo Regional District.

Mr. H. Whipper, Director of Parks, City of Nanaimo.

APPENDIX

A. QUESTIONNAIRE

APPENDIX A

INTERVIEW QUESTIONS

1. What are your thoughts on the statement that prior to amalgamation the outside improvement districts were enjoying the use of public services but were not paying the costs? Could you cite some specific examples?
2. If some unincorporated areas had better levels of service what is your explanation for this? Could you cite specific areas and services?
3. What do you see as the financial benefits (and costs) for the 'old' City? For the outlying improvement districts?
4. Do you think there has been wasteful duplication of services as a result of fractionalization of units? Specify.
5. Was the previous situation a deterrent to good council candidates? Why?
6. What are your thoughts on the new pattern of area representation? (i.e. the ward system).
7. What is your explanation for the low affirmative vote on November 2, 1974? How effective were the committee reports in preparing for amalgamation?
8. Do you think that the other levels of government provided sufficient guidance?