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Structural Variation and Local Service Delivery: Comparing Municipal Governments and Special Purpose Bodies

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A thesis submitted in partial fulfillment of the requirements for the Doctor of Philosophy degree
in Political Science

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STRUCTURAL VARIATION AND LOCAL SERVICE DELIVERY: COMPARING
MUNICIPAL GOVERNMENTS AND SPECIAL PURPOSE BODIES

(Thesis format: Monograph)

by

Joseph Robert Lyons

Graduate Program in Political Science

A thesis submitted in partial fulfillment
of the requirements for the degree of
Doctor of Philosophy

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Abstract

In the debate over the governance of metropolitan areas, consolidationists favour single, area-wide, general purpose jurisdictions, while polycentrists make arguments in support of multiple, scale-specific, specialized jurisdictions. This dissertation contributes to this debate through comparisons of municipal and specialized service delivery in two Ontario cities. The cities of London and Hamilton represent positions along a continuum of fragmentation and consolidation, with London being more fragmented and Hamilton more consolidated. Comparisons are undertaken for three local government services: public health, economic development, and watershed management. In London, independent special purpose bodies deliver all three of these services, while in Hamilton the municipality is responsible for public health and economic development and controls the main conservation authority. The central objective of this dissertation is to test the competing claims of consolidationists and polycentrists by comparing the performance of these three functions in the two cities. It looks at such performance measures as efficiency, effectiveness, accountability, coordination, and responsiveness.

The results of the comparisons are mixed. On balance, the hypotheses of the consolidationists are supported more often than the hypotheses of the polycentrists, but this debate is overly simplistic. In reality, specialized governments pursue their mandate more single-mindedly than general purpose governments. The policy consequences of this characteristic are more or less pronounced depending upon how autonomous the board is. There are some positive consequences associated with specialized delivery for public health and watershed management, because the benefits of these types of services are enjoyed by most citizens, but they are not always a priority for municipal politicians. However for economic development, the policy consequences were mainly negative. This is because specialization in this functional area enhances the power of business interests. In short, much can be understood about the behaviour of special purpose bodies by how they are controlled and by what function they perform. When applied to more general debates about metropolitan governance, the findings make it clear that even relatively small differences in local government structures can have significant policy consequences.

Keywords: Local Government, Multilevel Governance, Special Purpose Bodies, Polycentricity, Consolidation, Metropolitan Areas, Ontario

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Chapter One

Introduction

In Canada, the term local government encompasses both municipal governments and local special purpose bodies. Although usually less visible than municipal governments, special purpose bodies are an important component of local government. This has not been made entirely clear in the academic literature, as studies of Canadian local government have been primarily concerned with municipalities (Magnusson 1985, 575). But special purpose bodies share a number of characteristics that set them apart from municipal governments. In general, they are autonomous local governments that are controlled by a separate governing body, and they perform only a single or limited number of functions (see Siegel 1994, 7-9).¹ Because their jurisdiction may be determined by this functional orientation, they sometimes overlap and intersect with existing municipal boundaries.

Examples of Canadian special purpose bodies include police services boards, public health units, conservation authorities, transit authorities, library boards, public housing authorities, airport authorities, and port authorities. Another example, referred to less often in the literature, the economic development corporation, fits the definition as well and will be studied in this dissertation. The powers of these different bodies vary; nonetheless, all special purpose bodies make decisions on behalf of the populations within their jurisdiction, and most of them spend public money.

The use of special purpose bodies has been particularly wide spread in the province of Ontario. Although certain special purpose bodies such as planning boards and water and sewer commissions have fallen out of use, there remain an estimated 2,000 special purpose bodies in

¹ Elsewhere, special purpose bodies are also referred to as agencies, boards, and commissions (see Richmond and Siegel 1994), but more recently special purpose bodies has been the preferred term (see Sancton 2011).

the province (Tindal and Tindal 2004, 4), which is still a large number, especially in comparison to the number of municipalities of which there are 444.² The use of special purpose bodies also varies amongst municipalities. Many single-tier and regional municipalities have brought certain functions in-house.³ Indeed, part of the impetus behind the formation of regional governments in Ontario in the 1960s and 1970s was the perceived need to reduce the number of local special purpose bodies (Krushelnicki 1988, 1). Elsewhere, however, such as in the counties and separate cities and towns, special purpose bodies remain as an important component of inter-municipal cooperation. For this dissertation, two Ontario municipalities, London and Hamilton, are used as cities representative of positions along a continuum of fragmentation and consolidation. While London relies on special purpose bodies to carry out a broad range of functions, Hamilton has incorporated most of these same functions into its municipal structure.

The purported advantages and disadvantages of specialized governments have been the subject of much debate between consolidationists and polycentrists. Consolidationists favour single, area-wide, general purpose jurisdictions, while polycentrists make arguments in support of multiple, scale-specific, specialized jurisdictions. Hooghe and Marks (2003) have given name to this differentiation with their distinction between Type I and Type II multilevel governance. At the local level, general purpose municipal governments fit the form of a Type I jurisdiction while functionally orientated special purpose bodies are considered Type II jurisdictions. Despite

² It is not entirely clear how Tindal and Tindal (2004) came up with this number. It is included merely to illustrate that special purpose bodies greatly outnumber municipalities in Ontario. There is no census of governments in Canada, and no agreed upon definition of what constitutes a special purpose body. Thus, this number would likely change depending upon who is counting.

³ Prior to the creation of Metro Toronto in 1953, cities in southern Ontario were politically separated from their surrounding counties, as independent single-tier municipalities. Based on the initial success of Metro Toronto, a number of regional governments were formed in the Greater Toronto Area and other fast growing areas of the province in the late 1960s and early 1970s. Regional governments are upper-tier governments, like counties, but they include urban municipalities and have greater functional responsibilities. The mayors of the lower-tier municipalities serve on the regional councils, as do other councillors who are directly elected. Regional chairs are either directly elected or chosen by regional councils.

the clear theoretical distinctions between the consolidationist and polycentrist perspectives, few attempts have been made to empirically test their competing claims. The limited empirical work that has been done on specialized local governments is based mainly on special districts in the U.S. (Burns 1994; Foster 1997; Stephens and Wikstrom 1998; McCabe 2000; Mullin 2009; Berry 2009). Although specialized governments in both countries perform similar functions, there are important differences between U.S. special districts and Canadian special purpose bodies. Many special districts in the U.S. have directly elected boards and the authority to levy taxes. Thus, they are characterized by direct democratic representation and direct fee-for-service charges to citizens, two important characteristics for at least some polycentrists (see Frey and Eichenberger 2001). Furthermore, citizens in the U.S. can create local governments through “home rule” provisions such as initiatives and referendums (Sproule-Jones 1994, 75). In Canada, most special purpose body boards, with the exception of school boards, are made up of appointed representatives, often elected municipal councillors.⁴ Rather than having taxation power, they rely on fees levied on member municipalities, intergovernmental transfers, and user fees. Provinces also maintain authority over the formation and operation of many special purpose bodies. So there are differences in the Canadian case, and most of these have not been systematically investigated.

This dissertation contributes to the debate between polycentrists and consolidationists by testing the implications of these institutional variations through direct comparisons of municipal and special purpose body service delivery in Ontario. Comparisons are undertaken for three local government services: public health, economic development, and watershed management. In London, independent special purpose bodies deliver all three of these services, while in Hamilton

⁴ It is for this reason that some do not consider school boards as special purpose bodies (Siegel 1994a, 8). But others disagree (Sancton 2011, 63).

the municipality is responsible for public health and economic development and essentially controls the principal conservation authority (CA) in the region.⁵ The central objective of this dissertation is to test the competing claims of consolidationists and polycentrists by comparing the performance of these three functions in the two cities.

While each policy area is distinct, public health and watershed management can both be classified as allocational functions. Economic development is a developmental policy function (Peterson 1981, 41; Peterson, Rabe, and Wong 1986, 13; Foster 1997, 200). The goal of developmental policies is to improve the competitive economic position of a community. Technically, developmental functions are supposed to result in a net tax benefit to municipalities, but as will be shown in the economic development chapter, municipalities that offer incentives to attract and retain businesses may in fact end up spending more taxpayer money than they actually need to for these purposes. Allocational policies refer to the housekeeping functions with which local governments are most commonly associated, such as fire and police protection, parks and recreation, sanitation, and roads. The net tax impact of these policies is usually considered to be marginal. Public health and watershed management also fall into this category. Another key difference between these two policy areas and economic development is that the province plays a direct role in terms of setting standards and providing funding and oversight for public health and watershed management. The province's role in local economic development policy is much less direct.

This project is important for at least two reasons. First, very little is known about the role of special purpose bodies in Canadian local government.⁶ Studying two cities with different municipal structures will contribute considerable information about how special purpose bodies

⁵ Watershed management is carried out by conservation authorities throughout most of southern Ontario.

⁶ They were the subject of one edited book (Richmond and Siegel 1994), but this was intended to serve mainly as a general overview and was written 20 years ago.

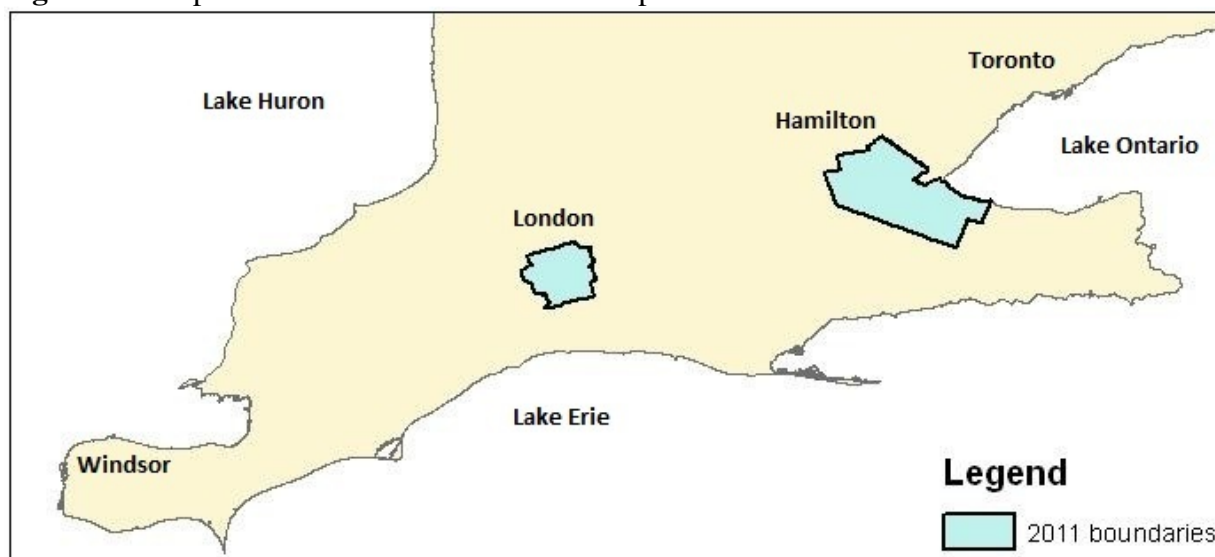
work, why they are formed, and what relationships exist between them and municipal governments. Comparisons between special purpose bodies and municipal departments will highlight the policy implications of these structural differences. Second, while the debate between polycentrists and consolidationists has been applied to discussions of special districts in the U.S., similar exercises have not been undertaken in the Canadian local government literature. While consolidationist arguments have been “instinctively” drawn upon in debates over municipal restructuring, they have mostly been based upon anticipated improvements such as reduced costs and increased opportunities for economic development, which have not stood up to more careful scrutiny (Sancton 1994, 32; 2002, 67; Siegel 2005, 133). Polycentrist arguments have rarely been acknowledged in these instances. Indeed, as Sancton argues, proponents and opponents of municipal consolidation alike seem unaware that a coherent set of arguments in favour of structural fragmentation even exist (Sancton 1994, 42; 2002, 57). In sum, this dissertation applies a set of competing theoretical propositions that have been underutilized in the Canadian context to an important yet understudied area of Canadian local government.

1.1. Methodology

The approach taken for this project can be situated within the broader Canadian political science literature on urban politics as using a combination of the institutionalist and regionalist lenses (see Taylor and Eidelman 2010, 962). It will also seek to overcome some of the discipline’s perceived methodological shortcomings by engaging in comparative, theory-driven research that transcends the municipality (Ibid, 973-75). Using mixed methodologies, this dissertation tests the hypotheses of the polycentrists and consolidationists through in-depth comparisons of service delivery in two cities with different local government structures. London and Hamilton were selected because London uses more special purpose bodies than Hamilton, but other than for this

important difference, they share many similar characteristics. Both are located in southern Ontario (see Figure 1.1 below), they are similar in size, in terms of both territory and population, and they have similar economies. Both are the largest cities in their respective metropolitan areas, and they are far enough from Toronto to have their own identities. Both municipalities also use the other as a comparator (Interviews 27 and 35). Both cities have strong manufacturing histories and have faced similar challenges as a result of the decline of the Canadian manufacturing sector. Manufacturing remains important, but hospitals, post-secondary institutions, and school boards are now among the largest employers in both cities. According to data from the most recent Canadian census, London has a population of approximately 366,000 and a median family income of approximately \$73,500. Hamilton has a population of approximately 520,000 and a median family income of approximately \$78,520 (Statistics Canada 2013). Thus, besides structural variation, most other competing explanations for differences in service delivery outcomes are held constant.

Figure 1.1 Map of Southern Ontario with Municipal Boundaries for London and Hamilton



Source: Statistics Canada 2011b

The timeline for this study is the nine year period between Hamilton's amalgamation in 2001 and the province-wide municipal elections of 2010. As mentioned above, London and Hamilton are the testing grounds for measures designed to capture differences in policy outcomes between fragmented and consolidated local government structures. The measures include tests for expenditure control, staffing costs, effectiveness, accountability, policy coordination, the influence of private interests, and responsiveness. These are all key variables in the debate between polycentrists and consolidationists. Recent empirical work from the U.S. has included some of these variables (Berry 2009; Mullin 2009; Craig, Airola, and Tipu 2012), but these findings cannot be transferred seamlessly to Canada.

In terms of data, the main sources consulted are local and provincial government documents, media reports, and existing academic literature. Interviews with local politicians and local government staff are also used to substantiate the findings from this research and to help explain the connections between structure and performance. A total of 37 interviews were conducted. In order to protect their anonymity, and as per the conditions of Research Ethics Board Approval, interviewees are identified throughout the dissertation as either a local politician or local government staff member, not by name.⁷ Because the time-frame for this dissertation ends in 2010, a few interviewees had since left or been voted out of the positions that they held during the study period. These interviewees are referred to as former politicians or former staff members. Interviewees were deliberately selected based upon their years of service and areas of expertise. Efforts were also made to ensure fair representation between municipal and special purpose body staff members. The interviews themselves were fairly structured, and ranged in length from approximately 20 minutes to an hour. While still allowing for some less

⁷ The UWO Ethics Board approval form (NMREB #101525) is attached as Appendix B. Two potential participants declined to be interviewed, and one did not respond to an interview request. Interviews were conducted with subordinates in two of these instances.

structured discussion, the list of questions asked was specifically tailored for each interviewee. All interviews were tape recorded and then transcribed. Except for two phone interviews, all were done in person.

1.2. Outline

This dissertation is divided into seven chapters. The second chapter situates the dissertation within the broader theoretical debate between those who favour consolidated local government (consolidationists) and those who favour fragmentation (polycentrists). There is a specific focus on the purported advantages and disadvantages of specialized and general purpose service delivery. The third chapter provides background and contextual information for the two cities of London and Hamilton. It focuses specifically on the changes (in which the province played a big role) that produced the current municipal structures in both cities. It also explains the reasons why these two cities were chosen, namely why London can be considered to be more fragmented than Hamilton. Chapters Four, Five, and Six are the case studies. Each chapter makes comparisons in a specific policy area. The three cases, public health, economic development, and watershed management, and the policy characteristics that are assessed are summarized below, in Table 1.1.⁸

⁸ The decision was made to use different variables for each case study, rather than apply a smaller set of variables across all case studies, for two main reasons. First, the research in this dissertation is exploratory. Again, not much has been written about special purpose bodies. By including more, rather than fewer variables, this dissertation lays the foundation for future research and hypothesis testing. Second, some policy areas are better suited for comparing certain variables over others. This has to do with both data availability and the mandates of the agencies being compared. For example, whether or not a public health unit is an independent local government or part of a municipal structure, it must deliver the same set of provincially mandated programs under the same funding formula. Thus, this policy area lends itself to comparisons based on financial and service quality indicators. For the other two policy areas, there is more variation in terms of the types of services provided and funding arrangements. Case and measure selection is explained more fully at the end of the next chapter (see pages 43-45), and in Chapter Three on page 69.

Table 1.1 Cases and Measures

	Public Health	Economic Development	Watershed Management
Spending Increases	X		
Staffing and Administrative Costs	X		
Efficiency	X		
Effectiveness	X		
Accountability		X	
Policy Coordination		X	
Influence of Private Interests		X	
Responsiveness			X

Chapter Four is on public health. Public health is centered on a population-based approach to health care. Its main focus is on promoting health and preventing disease in communities and specific at risk groups, rather than individuals (Hancock 2002, 253; Association of Local Public Health Agencies 2010, 4). While the province does provide grants to cover most of the costs of public health, Ontario is the only province where local governments play such an important role in this policy area (Siegel 2009, 32). The province is divided into 36 separate boards of health, of which there are essentially two different types, autonomous and integrated. Twenty-two are autonomous, which means that the administrative staff are not municipal employees, and that the board is made up of appointees from multiple municipalities and representatives appointed by the province. In the fourteen integrated health units, staff are municipal employees. Most of these boards are made up exclusively of municipal politicians; however, a couple do have citizen representatives and provincial appointees (Pasut 2007, 16; ALPHA 2010, 19).

The Middlesex-London Health Unit (MLHU) is an autonomous health unit serving the City of London and the neighbouring Middlesex County. During the study period, the board was

made up of five provincial representatives, three County councillors, two City of London councillors, and one community representative appointed by the City of London.⁹ In Hamilton, public health is delivered by the Public Health Services Department and council serves as the board of health. These two different structures will be compared based on measures that test for municipal control of expenditure growth, staffing costs, efficiency, and effectiveness. Thus, this chapter is designed to test for both the financial and service quality consequences of structural variation. The findings from this chapter are mixed. The hypotheses of the polycentrists are supported by the measures for staffing costs and efficiency, while the hypotheses of the consolidationists are supported by the measures for expenditure control and effectiveness. The province increased its financial contribution to public health during the study period. The impact of this funding increase and the extent to which each health unit was able to take advantage of it, are evident across all measures. In general, the findings from this chapter indicate that special purpose bodies which are autonomous from municipal control and have a provincial mandate will be more likely than municipal departments to seize upon capacity enhancing provincial initiatives.

In Chapter Five, the focus is on economic development. With the property tax as the primary source of revenue for Canadian municipalities, economic development is a central concern. In Ontario, economic development is one of the 11 spheres of jurisdiction identified in the Municipal Act for which municipalities have considerable autonomy. Although provincial influence is still present, the province plays a more *laissez-faire* role in this area, especially in comparison with public health. Municipalities in Ontario have faced similar challenges in recent decades as a result of the decline of the manufacturing sector; however, there has been some variation in terms of policy responses (Reese 2006). In addition, while the lead agency for

⁹ The City of London now appoints three councillors, rather than two councillors and a citizen representative.

economic development is a municipal department in some municipalities, in others a standalone economic development corporation is used. London's main economic development agency is the London Economic Development Corporation, which has a high degree of autonomy from the municipal government. In Hamilton, economic development services are delivered by the Economic Development Division of the Planning and Economic Development Department.

For this policy area, measures are designed to test for accountability, policy coordination, and the influence of private interests. The hypotheses of the consolidationists are supported by all three measures. The LEDC is less accountable than Hamilton's Economic Development Division, economic development policy is better coordinated in Hamilton, and private interests have more influence in London. Together, these findings indicate that the relative power of business is stronger when economic development services are delivered by a special purpose body. When combined with the findings from the public health chapter, it appears as though special purpose bodies with autonomy from municipal control are more single-minded in the pursuit of their mandate than municipal departments. It also seems that the policy consequences of this single-mindedness vary across functional areas. Economic development is a development function, which is primarily concerned with attracting and retaining business. Consequently, business interests are often privileged over public interests. This imbalance is stronger in London, where the lead agency is a special purpose body.

In Chapter Six, the comparison is between a special purpose body with a fragmented board and one with a consolidated board. Watershed management was chosen as the case study for this chapter, because the jurisdictions of conservation authorities (CAs) are based on watershed boundaries rather than municipal ones. Thus, CAs may represent few municipalities or many. This is reflected in their board composition. Watershed based management is an important

organizational principle in the water resources literature: the idea that governing bodies should correspond with watershed boundaries has been widely promoted (Blomquist and Schlager 2005, 101; Cervoni, Biro and Beazley 2008, 335). Watershed based management is advocated as a means of bringing all relevant stakeholders to the table and making decisions that consider the health of the watershed as a single unit. Among the provinces, Ontario has the longest tradition of watershed management, and its CAs are the most comprehensive watershed based governing instruments in place in Canada (Cervoni, Biro and Beazley 2008, 336).

The Upper Thames River Conservation Authority (UTRCA), which covers most of London, has a jurisdiction which spans multiple municipalities. London appoints four of 15 members to the UTRCA board. In Hamilton on the other hand, the boundaries of the Hamilton Conservation Authority (HCA) correspond closely with the City's boundaries. Hamilton appoints 10 of 11 members to the HCA board, making it seem more like a committee of council than an independent local government. The measure tested in this chapter is responsiveness to the provincial goals of watershed management. The hypothesis is that the UTRCA will be more responsive to these provincial goals, because its more fragmented board insulates it from municipal control. Responsiveness is measured as the willingness to defer subdivision applications that encroach upon natural hazard and natural heritage features. A recommendation of deferral means that the CA does not support moving the application forward unless certain changes are made to the plan of subdivision or more information is submitted. This is representative of the preventative and precautionary approach advocated by the province to ensure that development does not negatively impact watershed health. This also reflects the preferences of the median voter, because many people care about the protection of natural resources and it costs more to service conventional subdivisions than more compact forms of

development (Slack 2002). The findings indicate that board composition affects policy responsiveness in the direction anticipated by the polycentrists. The UTRCA deferred a greater percentage of subdivision applications during the study period and this difference is statistically significant after the introduction of updated regulations in 2006. Although CA boards are not directly involved in making recommendations on specific subdivision applications, the extent to which they are prepared to defend their mandate – even when this may conflict with municipal interests – has implications for organizational capacity and the attitudes of staff members. This in turn impacts the ability and willingness of CA staff to seize new regulatory responsibilities.

The seventh chapter concludes. Combined, the findings from the three case studies seem to indicate that the policy consequences of specialization vary according to board composition and function. While the hypotheses of polycentrists and consolidationists are helpful in explaining the behaviour of special purpose bodies under certain circumstances, their debate is overly simplistic. Specialization is not inherently good or bad. Instead, special purpose bodies that are not controlled by a single municipality pursue their mandates more single-mindedly than municipal departments. If their mandates favour private over public interests, the policy consequences will be negative. If the opposite is true, they will be more positive. The U.S. literature on special districts often makes distinctions between elected and appointed boards. What the findings sketched above indicate is that specialized governments that are autonomous from municipal control act more like elected boards, while those that are controlled by a single municipality act more like a municipal department. Heavy provincial involvement and the lack of direct taxing powers in allocational policy areas like public health and watershed management also seem to limit the tendencies toward overprovision found in some specialized governments in the United States.

Chapter Two

Fragmentation versus Consolidation

In a seminal *American Political Science Review* article, Hooghe and Marks develop a distinction between Type I and Type II multilevel governance. Type I multilevel governance is perhaps the easiest to recognize of the two, and can be seen in traditional federal governing arrangements. Each citizen is a member of one general purpose governance unit at each level (local, subnational, national). Type II multilevel governance will be less familiar to most, but examples include special districts in the United States, school communes in Switzerland, and specialized international organizations (Frey and Eichenberger 1999). Of particular relevance for this dissertation are special purpose bodies in Ontario, such as health units, economic development corporations, and conservation authorities. In jurisdictions where Type II multilevel governance is prevalent, citizens participate in and receive services from many task-specific jurisdictions at multiple and overlapping scales (Hooghe and Marks 2003).

Although Hooghe and Marks' distinction between Type I and Type II multilevel governance is relatively new, and applies to all scales, students of local government have long been arguing over the purported advantages and disadvantages of specialized versus general purpose governments. This debate centers on the governance of metropolitan areas. The advantages of specialized governments are most clearly articulated by students of the public choice perspective. This tradition has long argued for geographical and functional fragmentation at the metropolitan level. Its proponents maintain that polycentric political systems are better suited to meet the preference patterns of affected communities, and are more efficient than consolidated systems because the optimum scale for service delivery varies according to the public good in question (V. Ostrom, Tiebout, and Warren 1961). Polycentrist arguments in

favour of pure geographical fragmentation do not apply as neatly to the specialized versus general purpose debate as their arguments in support of functional fragmentation. Nonetheless, there is considerable overlap and their arguments in support of functional fragmentation can be seen, at least in part, as supporting the maintenance of geographically fragmented systems. The main theoretical challenges to the polycentrist perspective, and in this regard, local specialized jurisdictions, come from the consolidationists. In contrast to the polycentrist approach, consolidationists argue that the optimal institutional arrangement for the governance of metropolitan areas is a single general purpose government. Political and functional fragmentation are seen by consolidationists as impeding effective service delivery (Foster 1997, 31; Mullin 2008, 127). All of the consolidationists' arguments apply in the specialized versus general purpose debate.

The debate between polycentrists and consolidationists, and the extent to which it is transferable to Canada, is central to this dissertation. This chapter lays out these two positions. What is presented here informs the selection of London and Hamilton as cities along a fragmentation-consolidation continuum, and the hypotheses that are tested in the three case studies. The chapter is divided into three main sections. The first outlines these two competing schools of thought. The second details the efforts of each school to undermine the findings and the basic assumptions of the other. The third looks at recent empirical work on specialized governments and identifies some of the gaps in the literature that this dissertation seeks to fill.

2.1. Competing Perspectives on Metropolitan Governance

The Polycentrist Perspective

Theoretical arguments in favour of specialized governance are rooted largely in the public choice literature. As noted above, this perspective advocates matching the scale of service delivery with

the public good in question. In other words, the governance unit should match the “geography” of the problem to be addressed (Casella and Frey 1992, 643). Its proponents argue that jurisdictions developed along functional lines minimize externalities, allow for the realization of economies of scale, and are more responsive to citizens’ preferences (Blatter 2006, 124).

Though discussing geographical rather than functional fragmentation, Tiebout’s consumer-voter model is often an important starting point for public choice arguments. Assuming full knowledge, mobility, and stable preference ordering, Tiebout makes the case that the consumer-voter will choose to live in the community that best suits her preference pattern for public goods. More communities, with more differences between them, results in more choice for the consumer-voter, and increases the likelihood that she will be able to find a community that matches her preference pattern. As a result, local spending is more closely aligned with the preferences of citizens than spending by higher levels of government (1956, 418).

In their discussion on government in metropolitan areas, V. Ostrom, Tiebout, and Warren advance the public choice argument further by arguing in favour of polycentric systems of local governments. They maintain that the appropriate scale of public organizations depends on the nature of the public good in question. Thus, jurisdictions should be designed accordingly (1961, 832). The metropolitan level may be the appropriate scale for certain public services; however, a single metropolitan government is unlikely to be responsive to more localized issues. A polycentric system also provides conditions conducive to intergovernmental competition, especially where multiple public jurisdictions provide similar services within the same metropolitan region. Competition is good because it allows for comparison and opportunities for exit if citizens are dissatisfied with service delivery.

These authors also emphasize the distinction between the production and provision of public goods. A public organization may provide a public good without actually producing the good or service itself. This can be accomplished through contracts with private service providers or with other public bodies. In this way, small governments can engage in flexible arrangements that allow them to provide public goods that are produced more efficiently at larger scales (Ibid, 834). This type of argument also lends itself well to the support of specialized governance arrangements, because of their geographic flexibility (Foster 1997, 36-37).

Hawkins was one of the first to directly analyze special district governments from a polycentrist perspective (1976). Based on case studies of water and fire districts in California, he makes the case that districts are an important component of local self-government, especially where preferences for public goods vary between communities. The Idyllwild Fire Protection District is one such example. After losing federal money that contributed significantly to the salaries of six district personnel, Idyllwild residents were faced with the choice of paying more for the services the district provided, or contracting fire protection and emergency services from the county at a lower rate. Residents voted overwhelmingly in favour of continued service through the fire district. At the time of the vote, many of Idyllwild's residents were retired and elderly. They believed that district personnel would be able to respond quicker to emergencies and be better equipped to address the specific needs of their community than county personnel (1976, 9-10). These issues of cost, effectiveness, and responsiveness are central to debates regarding special purpose bodies.

In reference to the limits for "community self-government" that centralization through larger municipal governments presents, Hawkins maintains that districts are a real alternative. He argues that "communities of interest vary as do the boundaries and problems that they represent.

No local government can internalize or represent all of the interests within their jurisdiction” (Ibid, 124). Similar themes have been put forward more recently as well. Indeed, In the 1990s, the public choice perspective underwent a noticeable transition in this direction. As Blatter explains, “public choice scholars have shifted their emphasis from advocating small scales and multiple territorial communities toward proposing narrow functional scopes and multiple specialized governments” (2006, 122).

Casella and Frey helped to signal this shift with their work on economic club theory. Depending on the public good being provided, the optimal club size may span an entire country, or be limited to a neighbourhood. A centralized authority should administer non-excludable public goods, while public goods that are excludable and somewhat rivalrous can be provided at smaller scales. Because optimal club size varies according to the public good in question, a system of overlapping jurisdictions is desirable. Casella and Frey refer to this as functional federalism (1992, 4). Under this type of federal system, a competitive system of public service industries emerges that may include an education industry, a fire industry, a trash and garbage industry, and so on (Hooghe and Marks 2003, 237). The threat of exit becomes a real option, especially if there is overlap, as access to different suppliers of a public service no longer depends solely on mobility. Secondary education in Ontario is an example. Regardless of religion, parents in many cities can choose to send their children to a public, Catholic, or private high school without moving.

Frey and Eichenberger build upon this trend with their conceptualization of a “new federalism” called functional, overlapping and competing jurisdictions – FOCJ (FOCUS in the singular) (1999, 3). This new federalism is applicable not only at the metropolitan level, but at national, continental, and global scales as well. Under FOCJ, political systems develop that

match up the function to be performed with the scale of the issue. Frey and Eichenberger seek to move away from traditional debates over decentralization where much emphasis is placed on allocating authority to the appropriate general purpose government. They contend that “the optimal degree of centralization” changes across issues and over time (Ibid, 4). As Frey and Eichenberger put it succinctly:

The concept of FOCJ is therefore, process orientated: FOCJ form an adaptable federal network of government units that depend closely on citizens’ preferences and adjust to the ‘geography’ of problems – as long as the citizens dominate the formation of the FOCJ. (Ibid, 4)

The defining characteristics of FOCJ – functional, overlapping, and competing jurisdictions – match up well with Hooghe and Marks’ description of Type II jurisdictions. Under FOCJ, the size of each jurisdiction is determined according to its function such that spillovers are minimized and economies of scale are achieved. Frey and Eichenberger maintain that because preferences and demand for services vary, functional jurisdictions can be more responsive than their general purpose counterparts that figure predominantly in the Tiebout model. In this sense, efficiency gains are achieved when different governmental units provide different services. They argue that, because it is easier for citizens to evaluate and compare specialized jurisdictions that deliver only a limited number of services than general purpose governments, the fate of local politicians is tied more closely to the satisfaction of local voters. Thus, politicians have strong incentives to ensure that the service in question is delivered efficiently and matches local preferences. Furthermore, if an existing FOCUS is unable to account for competing local demands, a new FOCUS can be created (Ibid, 36-45).

In Canada, arguments in favour of polycentric governing systems have been put forward by Sproule-Jones and Bish. Both are graduates of Indiana University, where the Workshop on Political Theory and Policy Analysis, founded by Vincent and Elinor Ostrom, is located. The

workshop focuses on the multidisciplinary study of institutions, and associated researchers have published widely on the benefits of polycentric local public economies (see McGinnis 1999). Sproule-Jones has analysed special purpose bodies from a public choice perspective, emphasizing the potential performance optimizing effects of fragmented systems as well as some potential problems associated with the institutional structure of local government in Canada. In a comparison of services delivered by the former Regional Municipality of Hamilton-Wentworth, and services delivered by special purpose bodies or lower-tier municipalities within the region, Sproule-Jones finds that spending for those services transferred to the region increased at a significantly greater rate than it did for those that were not. Based on this finding, he hypothesizes that spending rates will increase faster for services delivered by large general purpose governments (1994, 79-80). This is an important hypothesis for this dissertation, as the Middlesex-London Health Unit and the City of Hamilton's Public Health Services Department will be compared on spending rates and other financial indicators.

In his work on Canadian local government, Bish deals with both geographical and functional fragmentation. As he summarizes:

there is overwhelming evidence that the least expensive local governments are found in polycentric systems of small and medium-sized municipalities that also cooperate in providing those services that offer true economies of scale. (2001, 20)

Using British Columbia's (B.C.) regional districts as an example, Bish argues that good democratic representation and fiscal equivalence are possible under a system in which small local governments can decide to transfer functions to a regional level, while still retaining decision-making authority. District boards are made up entirely of appointed municipal politicians who have decision-making authority only for those functions that their appointing municipalities have opted to have delivered by the regional district. This sets regional districts

apart from regional governments in Ontario, where there is little opportunity to opt-in or out of regional services. As Bish explains, under the system in place in B.C., municipal politicians remain responsible for the provision of municipal services, even when they are produced by the regional districts (2001, 23).

In short, the polycentrist perspective is in favour of polycentric political systems at the metropolitan level and indeed at all scales. This includes both political and functional fragmentation through a mix of Type I and Type II jurisdictions. At the metropolitan level, this takes the form of many small general purpose governments, numerous functionally specialized jurisdictions, and service agreements between public agencies and with private service providers. As illustrated above, polycentrists emphasize outcomes such as responsiveness, efficiency, effectiveness, cost savings, and democratic representation. Polycentrists argue that polycentric political systems perform better than consolidated political systems across all of these indicators.

The Consolidationist Perspective

The main theoretical challenges to the polycentrist perspective, and in this regard, local specialized governments, come from the consolidationists. Like the early polycentrists, these theorists focus mainly on the governance of metropolitan areas. In stark contrast to the polycentric approach, consolidationists maintain that unified, hierarchically structured, general purpose jurisdictions are superior to more fragmented forms of organization. Political and functional fragmentation are seen by the consolidationists as impeding effective service delivery. They argue that fragmentation leads to coordination problems and a duplication of services (Foster 1997, 31; Mullin 2008, 127). Furthermore, special purpose bodies sacrifice the economic benefits accrued through general purpose governments such as the sharing of personnel and resources. The relatively low political visibility of special purpose bodies is another concern of

the consolidationists (Burns 1994). The proliferation of special purpose bodies can confuse citizens and insulate representatives from their constituents. Ultimately, consolidationists contend that a single general purpose government is in a better position, than a multitude of independent specialized governments, to make policies that benefit the entire community (Foster 1997, 33).

The consolidationist perspective has its roots in the metropolitan reform tradition. Scholars in this tradition view metropolitan regions as metropolitan communities requiring a single government. Proponents maintain that a single metropolitan government – or at minimum some form of general purpose regional structure – is capable of both reducing costs associated with duplication and overlap, and of providing an appropriate forum through which community wide issues can be properly addressed. Fragmentation poses numerous financial and political challenges. It confuses citizens, prevents local governments from solving cross-boundary issues such as traffic congestion and water pollution, and results in the improper allocation of costs and benefits. As the Citizens Advisory Committee of the Joint Committee on Urban Area Government in the State of Washington has explained in reference to fragmentation in the Seattle Metropolitan area:

... a man living in Lynwood may drive through Seattle on his way to work at a plant in South King County, while his family shops in Everett. Property taxes on the family's house are paid to the city of Lynnwood and to Snohomish County, while the street, police and other costs of rush hour traffic are borne by the city of Seattle. The plant moreover, pays property taxes neither to the city, county, nor school district which serves the employee's family, nor to the city whose facilities brings its worker to his job. (1966, 129)

Consolidationists argue that these overlapping layers of government represent an inherent weakness in the U.S. system of local government. Lines of accountability are confused, coordination problems are compounded, and rational planning on any sort of regional scale

becomes exceedingly difficult. The solution is to drastically reduce the number of local governments to ensure that they align with logical geographical and economic boundaries, and can command the professional capacity to manage complex regional challenges (Committee for Economic Development 1966, 12-13). According to consolidationists, metropolitan level structures are conducive to regional bargaining and compromise, because they reduce opportunities for free-riding. The result is a more fair and equitable distribution of costs and benefits (Wood 1958, 122).

With respect to special districts in particular, an important starting point for consolidationists is Bollens' *Special District Governments in the United States*. Describing special districts as the "new dark continent in American politics" (1961, 1), he identifies a number of characteristics that are unique to special districts and make them the "most private of governments" (Ibid, 250). Chief among these are the widespread use of appointment as a method of selecting members of the governing body, and in some instances, the use of property ownership as a condition of representation. This latter characteristic is mostly evident in districts created for the purposes of developing residential communities in unincorporated areas. In many of these cases, the developer is the only significant landowner. Creating a special purpose district gives the developer the opportunity to finance the needed infrastructure by issuing tax-exempt general obligation bonds (Scott and Corzine 1966, 256-57). Other concerns expressed by Bollens regarding functional fragmentation mirror those raised by other consolidationists regarding geographical fragmentation, these include: citizen confusion, coordination challenges, and lost opportunities for cost savings (Bollens 1961, 255).

Another early critic of special districts, the Advisory Committee on Intergovernmental Relations (ACIR), identifies many of these same problems with special districts.¹⁰ Some of the examples used in support of these arguments include: separate election dates for fire, water, sanitary, and public utilities districts that cover the same jurisdiction; the construction of several sewer and wastewater collection systems, by separate districts, within the same watershed; competition for public monies by multiple jurisdictions existing concurrently within the same metropolitan area; the inability to realize cost savings through personnel pooling, central purchasing, and repair; and the challenges posed by special districts for municipalities that attempt to annex or incorporate adjacent areas when population growth extends beyond existing boundaries (ACIR 1964, 70; Scott and Corzine 1966, 246, 258).

In terms of proposals for structural reform, consolidationists argue that, wherever possible, special districts should be brought into an appropriate general purpose unit of government. Where one does not exist at an appropriate scale, metropolitan multipurpose governments should be created (Bollens 1961, 260). State level reforms that give states greater oversight and control over special district creation and operation are also encouraged. Consolidationists recommend that state legislation be enacted to give municipalities and counties approval powers over special district formation, and give state governments the powers to require common and more transparent financial and operational reporting (ACIR 1964, 73-84). These recommendations have some significance for the cities and cases studied in this dissertation. In Hamilton, a number of existing special purpose bodies were brought into an upper-tier and later a single-tier municipality. Moreover, the province has and continues to play

¹⁰ The ACIR, now disbanded, came out more recently in favour of special districts in a study of St. Louis, Missouri and Allegheny County, Pennsylvania (1993, 14).

important oversight and coordination roles for boards of health and conservation authorities in Ontario.

Though they are less prescriptive in their recommendations, supporters of ‘new regionalism’ have taken up the consolidationists’ cause. New regionalists emphasize metropolitan problems such as racial segregation, inter-local disparities in wealth, central-city decline, and fragmentation in land-use and transportation planning (Rusk 1993; Wallis 1993; Downs 1994; Altshuler et al. 1999; Pagano 1999). They argue that more consolidated metropolitan areas do a better job of dealing with these challenges (Rusk 1993; Savitch et al., 1993, 350). Most new regionalists would prefer single-tier or two-tier metropolitan governments, but recognize that citizens have, in most places, rejected proposals for municipal consolidation. Thus, they are also supportive of less disruptive ways of achieving metropolitan coordination, such as state or federal initiatives that mandate or encourage cooperation, councils of governments, inter-local agreements, and regional partnerships between the business, non-profit, and public sectors (Rusk 1993; Wallis 1994; Savitch and Vogel 1996; Altshuler et al. 1999). Toward this end, some new regionalists see value in regional special purpose districts, especially where there is potential for them to expand their functional scope (Altshuler et al. 1999, 129; Pagano 1999, 274). Others however, share the consolidationists’ view that special purpose districts only contribute to regional fragmentation (Wallis 1993; Hamilton 2000).

In Canada, consolidationist arguments have a much stronger foothold than arguments in favour of polycentricity. Indeed, as Sancton explains, the consolidationist position is often deferred to as the “conventional view” in debates over municipal restructuring in Canada (1994, 56). In reference to Ontario, he goes even further, arguing that the “ministry view” is so well-entrenched among bureaucrats in the Ministry of Municipal Affairs (now the Ministry of

Municipal Affairs and Housing) that, despite the preferences of local citizens and politicians, ministers of all political stripes will stand firm to the position that “there are too many municipalities in Ontario; that inter-municipal service agreements are problems, not solutions; and that special purpose bodies should be eliminated” (1998, 180).

Along these lines, O’Brien offers a fairly representative Canadian position in a piece on municipal consolidation, to the point where he makes no reference to the public choice perspective, and labels those who argue against consolidation as mainly uninformed (A. O’Brien 1993, 11). While conceding that certain regional objectives can be accomplished through inter-municipal cooperation, he favours municipal consolidations. He argues that consolidation results in superior performance for a long list of indicators, including regional planning, regional economic promotion and development, economies of scale, resolving inter-municipal conflict, reducing the provincial agenda, and accountability. Using accountability as an example, he argues that, especially where special purpose bodies are multi-jurisdictional or intergovernmental, the difficulties associated with reaching agreements often means that the views of staff are routinely accepted and appointed politicians have only limited influence (Ibid, 105-07). Elsewhere, he argues that functional fragmentation inhibits municipal governments from acting as a responsible and responsive level of government. He quotes, at length, a former Minister of Municipal Affairs, who maintains that the overarching emphasis on service delivery associated with the proliferation of special purpose bodies fragments issue areas and prevents the development of more encompassing policy solutions (1975, 156). These two claims will be evaluated in the economic development chapter, where measures of accountability and policy coordination are tested.

Similar to O'Brien, Del Guidice and Zacks argue that the proliferation of special purpose bodies in the former Municipality of Metropolitan Toronto resulted in a situation where there were too many players, and too little public control and awareness. They contend that as the number of government units increases, the chances of effective coordination decline and democracy suffers. This is because municipalities face increasing constraints on their autonomy and citizens become confused as to which government is responsible for which function. While individual special purpose bodies may perform their respective functions efficiently, the degree of duplication and overlap produced by fragmentation prevents the types of trade-offs and coordination that would be possible under a more consolidated municipal structure (1976, 293-95). This dissertation will explore this claim further by comparing service delivery in three different policy areas in two cities with different local government structures.

Governmental reviews and reports on municipal structure in Ontario have also consistently taken a consolidationist position.¹¹ In a study for the Smith Committee (the Ontario Committee on Taxation), Dupré characterizes the provincial-local relationship as “hyper-fractionalized quasi subordination” (1967, 5). As this depiction suggests, Dupré is critical of what he views as a “crazy-quilt pattern” of local government that developed largely as the result of limitations posed by existing municipal boundaries. Accordingly, Dupré advocates for municipal restructuring so that boundaries are better aligned for regional service delivery and efficient municipal performance (Ibid, 88-89). The larger report for which Dupré’s study was commissioned takes a similar position. That report informed the creation of ten regional governments, eight in the Greater Toronto Area and one each in Ottawa and Sudbury (Siegel 2006, 182).

¹¹ Interestingly, reviews focused on specific functions such as policing and public health argue that they should be protected from municipal control (Ontario 1974, 49; Capacity Review Commission 2006, 30).

Reviews focused on specific municipalities and regional governments also promote consolidationist goals. The 1977 Royal Commission on Metropolitan Toronto points to the use of special purpose bodies as a means whereby the province can exert greater influence at the local level – through legislative mandates and funding requirements – at the expense of the autonomy of municipal councils. This encroachment, which municipalities have little control over, weakens their ability to plan and finance services in a rational manner (Ontario 1977, 96-99). The recommendations stemming from this report include placing most existing special purpose bodies under the control of the municipalities in which they are situated. Examples included the Toronto Transit Commission, the Metropolitan Board of Commissioners of Police, and the area public health units. For other special purpose bodies such as the Metropolitan Toronto and Region Conservation Authority, the Commission recommended that its powers be limited to flood control and water conservation, and that all other functions be transferred to the appropriate municipality.

Reports on Ontario's regional governments have reached similar conclusions. The Hamilton, Waterloo, and Niagara Review Commissions were all highly critical of special purpose bodies (Ontario 1978, 1979, 1989). The general line of argument that emerges from these reports is that special purpose bodies create multiple lines of accountability, confuse citizens, and make coordination more difficult. They also reduce the amount of control municipal councils have over their own budgets. Thus, the case was made that, wherever possible, special purpose bodies should be brought under the control of a general purpose government (Ontario 1977, 48-49; 1979, 8; 1989, 169). Where this is not possible, municipal councils should have budgetary control and the ability to recall appointees (1989, 184-186).

In the late 1990s, the provincial government undertook an ambitious agenda of municipal restructuring through amalgamations and the consolidation of the constituent municipalities of two-tier regional governments into a single-tier (Kushner and Siegel 2003, 1035). This process, which was based largely on consolidationist thinking, saw the number of municipalities in Ontario reduced from 815 to 445 (Siegel 2009, 28). However, studies of these amalgamations have not uncovered the efficiencies and cost-savings that consolidationists would have predicted. In many cases, municipal spending actually increased (Kushner and Siegel 2005b, 267; Schwartz 2009). But there is some evidence to suggest that administrative cost-savings may be achieved where there are differences in the relative sizes of the amalgamated municipalities (Kushner and Siegel 2005b, 267). In addition, citizens' perceptions regarding service quality and the accessibility of politicians have not changed significantly after amalgamation (Kushner and Siegel 2005a, 93; 2003, 1050).

In short, whereas polycentrists prefer more governments, consolidationists prefer fewer governments. At the metropolitan level, consolidationists would prefer to see one general purpose government, or at the least, two levels of general purpose governments (lower-tier and regional). Specialized governments, where they exist, should be incorporated into a general purpose government as a municipal department. The consolidationist perspective has held greater sway amongst most academics and government officials in Ontario. As illustrated above, consolidationists emphasize outcomes such as accountability, policy coordination, rational planning, efficiency, cost savings, and effectiveness. Consolidationists argue that consolidated political systems perform better across all of these indicators than polycentric political systems.

2.2. Engagement between the two Perspectives

As the previous section demonstrates, polycentrists and consolidationists are concerned with achieving similar outcomes, but they fundamentally disagree on what type of local government structure is likely to achieve them. Scholars from both camps have thus sought to challenge the assumptions and findings of the other in efforts to advance their own arguments. Beginning with the writers from the public choice school, Bish criticizes the consolidationist position for lacking logical consistency and for the use of very little empirical evidence. According to Bish, polycentric political systems are more responsive, effective, and efficient than a single, hierarchically organized general purpose government. He takes issue with what he perceives to be the five most important assumptions made by consolidationists. These are: that the public interest should take precedence over individual interests; that political fragmentation leads to chaos, that the complexity of government functions prevents citizen control; and that political units should be large enough to achieve economies of scale. He maintains: that the individual is the basic unit of analysis to be considered in the design of political units; that hierarchical relationships are not necessary to achieve coordination; that polycentric political systems are the most effective at meeting the tax/public service mix preferences of individuals; that a single metropolitan political unit is too large to respond to citizens' preferences, and decision-making costs can be reduced in fragmented systems; and that because economies of scale vary for different public goods, polycentric political systems can deliver services more efficiently than a single metropolitan-wide government. Bish uses Los Angeles County, where cooperative agreements, regional special purpose districts, and managers charged with overseeing public good producers are used to meet the service demands of residents, as an example to support his arguments (1971, 148-156). While there have been innovative policies implemented in the Los

Angeles area, regional cooperation has also been hindered by political conflicts (see Saltzstein 1996).

In a similar exercise, E. Ostrom seeks to draw out and challenge the main theoretical tenets of the consolidationists. To allow for comparison, Ostrom lays out the competing theoretical propositions of the consolidationists and the polycentrists using the same two independent variables and the same five dependent variables. The independent variables are decreasing the number of governmental units within a metropolitan area and increasing the size of governmental units. The dependent variables are outputs per capita, efficiency, equal distribution of costs to beneficiaries, citizen participation, and responsibility of public officials. According to Ostrom, consolidationists argue that both independent variables will have positive impacts across all five outcomes (1972, 480).¹² Polycentrists argue that decreasing the number of governmental units will have negative impacts for all five outcomes. In regards to the impacts of increasing the size of governmental units, polycentrists argue that it will have negative impacts on the responsibility of public officials and citizen participation, but will depend on the intervening variables of type of public good, and increasing reliance upon hierarchy for the dependent variables of outputs per capita, efficiency, and equal distribution of costs to beneficiaries (Ibid, 486).

In terms of empirical research, Ostrom argues that a number of studies raise questions regarding the viability of certain consolidationist propositions and strengthen certain polycentrist arguments. Her examples include findings that economies of scale vary depending on the public service in question, and that for some services diseconomies develop above a certain scale of production (Ibid, 489; see also V. Ostrom, Bish, and E. Ostrom 1988, 139-87). And numerous

¹² For consolidationists, the intervening variables of increasing professionalism and increasing reliance upon hierarchy have further positive effects on these performance indicators. Increasing the number of locally elected public officials has negative impacts on citizen participation and the responsibility of public officials (Ibid).

comparative studies by researchers at Indiana University of large and small police departments that find that smaller departments provide higher levels of service more efficiently than larger departments (E. Ostrom 1972, 490; 2010, 8-10).

Likewise, consolidationists have set out to empirically test some of the claims made by the public choice school. Lyons and Lowery (1989) conducted phone interviews with two separate sets of residents; one set lived in a consolidated metropolitan region, while the other lived in a fragmented metropolitan region. Contrary to the public choice model, Lyons and Lowery find that citizens who live in small, relatively homogenous communities within a fragmented metropolitan region are not significantly better informed, more efficacious, more participatory, or more satisfied than their counterparts living in consolidated communities. Other studies have found that citizen satisfaction and government fragmentation vary by service. Thompson finds a significant relationship between citizen satisfaction and service delivery by a general purpose government for library and fire services, but not for other services such as policing, street lighting, parks, water, and garbage removal (1997, 296). Similarly, Chicoine and Walzer find that citizen's perceptions of service quality are higher where there are fewer local governments for most services, but this does not hold for parks and education (1985, 208-209).

In more thorough critiques of the public choice school, Lowery concedes that it has achieved "paradigmatic status" in the U.S. local government literature. Thus, he argues that it needs to be challenged at its base assumptions rather than merely through further empirical testing (1999, 30). According to Lowery, the base assumptions in question are the theories of non-market failure, which center on self-interested politicians and bureaucrats insulated from political control, and quasi-markets, which involve the separation of production and provision in service delivery (Ibid, 36). Based on a survey of the literature pertaining to national level

bureaucracies, some of it from the public choice perspective, Lowery argues that the debates regarding bureaucratic control are evolving. A number of studies have found that the interests of bureaucrats can be shaped in ways that better align with the preferences of elected representatives. He maintains that these findings are transferable to the local level (Ibid, 42-43). Lowery also points out potential sources of quasi-market failure, which include issues of monopoly and oligarchy, preference error on the part of consumers, and preference substitution. In short, the types of quasi-markets envisioned by the polycentrists are not without their own underlying problems, and may not be as efficient as claimed (Ibid, 43-45).

In a related but less technical piece, Lowery outlines what he refers to as the neoprogressive perspective (2001, 12). By combining three strands of research, Lowery presents a set of hypotheses which he argues represent a real challenge to the public choice perspective. These are based on empirical findings regarding local democracy, citizen satisfaction, and metropolitan problems. Through comparisons of consolidated and fragmented metropolitan areas, neoprogressive researchers have found that citizens living in consolidated settings are better informed about service delivery, have stronger psychological attachments to their community, and have more equitable access to the services that match their preference pattern. Regarding metropolitan-wide problems, Lowery draws upon findings that show that fragmentation increases income inequality and inhibits the level of coordination necessary to prevent urban sprawl (Ibid, 12-14). Following this line of research, Sager compares nine infrastructure projects requiring policy coordination in Swiss metropolitan areas. He finds that projects in fragmented metropolitan areas¹³ that had a high degree of administrative centralization, professionalization, and distinct separations between the political and technical

¹³ Metropolitan areas where the central city is a commune, the same as the surrounding suburban municipalities, were coded as fragmented. Metropolitan areas with a two-tier structure in place were coded as consolidated.

spheres were the best coordinated (2004. 247). Despite the positive impacts of geographical fragmentation, Sager argues that these findings support the neoprogressive model, because well-coordinated decisions were less evident for the specific projects that were less-hierarchical and more politicized (Ibid).

Criticisms of polycentric ideas have not been limited to the debate over the appropriate governing arrangements for metropolitan areas. Just as polycentrists have broadened their analysis to include other scales, so too have those who argue in favour of more centralized forms of authority. According to Treisman (2007), with many effects pulling in opposite directions, the net results of decentralization are indeterminate. Treisman makes the case that a central government could achieve many of the purported benefits of political decentralization through administrative decentralization. For example, a central government could offer different policy packages in different localities and let citizens sort themselves out among them. It could also conduct locally based surveys in order to gauge public preferences and attain local knowledge.

In sum, the debate regarding the appropriate governing structures for metropolitan areas continues. Scholars from both perspectives have sought to undermine the theoretical assumptions and empirical findings of the other. Nonetheless, the debate remains centered on indicators such as effectiveness, efficiency, responsiveness, policy coordination, accountability, and democratic representation and participation. Special districts in the U.S. are increasingly being used as cases in research that attempts to explain whether polycentricity or consolidation is more likely to lead to positive outcomes on these indicators.

2.3. Research on Specialized Local Governments

Recent empirical work on special purpose districts in the U.S. has explored how and why they are formed and provided more robust findings with respect to their impact on policy outcomes.

Beginning first with their formation, the general consensus in the U.S. literature is that the main contributing factor to the creation of special districts is state legislation (Burns 1994; Foster 1997; McCabe 2000). This can be the result of permissive state enabling legislation, restrictions on the ability of general purpose municipal governments to incorporate or annex adjacent territory and to raise revenue, or a combination. Refinements continue to be made in this area. For example, Carr and Farmer find that special purpose districts are more prevalent in counties faced with stringent tax and expenditure limits (TELs), but less prevalent where there are stringent TELs on municipalities (Carr and Farmer 2011, 729). The reasons for this difference are not fully explored, but Carr and Farmer indicate that the fewer revenue raising tools available to counties may be part of the explanation. Moreover, unlike in Canada, where most special purpose bodies are created by provincial or municipal governments, many special purpose bodies in the U.S. are created through local initiative (Oakerson and Parks 1989, 280; Skelcher 2007, 67). These initiatives are led by local entrepreneurs such as property owners, local manufacturers, or real estate developers (Burns 1994; McCabe 2000; Bauroth 2009, 181-182). In general, special purpose districts are not created with the sole intent of removing issues from politics, as some critics may claim, but instead for more instrumental, practical or self-serving reasons. As Burns explains, “they could fund and provide services, provide access to eminent domain and – sometimes – enforce competition and build walls against unfriendly business regulation and taxation” (1994, 58).

There are currently some 35,000 special districts in the U.S., most with the power to tax (Berry 2009, 1, 37). The jurisdiction of most special purpose districts is smaller than or coterminous with the boundaries of existing general purpose governments: only a small percentage cover regional areas (Ibid, 41). The most common types of special districts used in

metropolitan areas in the U.S. are fire protection, water supply, sewerage, and utilities districts (Foster 1997, 123). Where boards are elected, voter turnout is remarkably low, often between two and 10 percent (Berry 2009, 1) and as mentioned previously, some of these elections have property requirements. As they are established, special purpose districts may also be dissolved. Indeed, Bauroth finds that nationally, 1,648 special districts were dissolved between 1987 and 2002. Special districts with appointed board members and small budgets were most likely to be dissolved (Bauroth 2010, 589).

In terms of outcomes, Foster finds that the institutional choice to deliver services through special districts rather than municipal departments results in higher per capita spending (1997, 155). An important caveat to this finding is that it does not include considerations of service quality. She also concludes that this resource allocation bias favours certain functions over others, namely development and allocational functions over social welfare functions. She found that social welfare functions fare the worst in the most specialized metropolitan regions. According to Foster, cooperation and trade-offs made between municipal politicians and the higher political visibility of general purpose governments serve as safeguards for social welfare functions (Ibid, 214). This finding seems to lend some credence to the consolidationists' concern for regional equity, but polycentrists would counter that higher level governments should be responsible for ensuring minimal social welfare standards are met. As mentioned earlier, in Canada, higher level governments are more directly involved in providing or setting standards for social welfare functions. In addition, there is minimal variation in service delivery structures for the main social service functions delivered by municipalities in Ontario. Thus, social welfare functions will not be studied in this dissertation. Nonetheless, Foster's findings regarding the

effects of function on the behaviour of specialized governments require further clarification. This is an important contribution made by this dissertation.

In her study of local drinking water policy in the U.S., Mullin compares the responsiveness of general purpose governments and special purpose districts. Her findings indicate that the salience of the service or public good in question influences the level of responsiveness to the median voter. Specialized governing units are more likely to respond the preferences of the median voter where problem severity is low, with the gap gradually closing and general purpose governments becoming more responsive as problem severity rises (2009, 42).

In regards to water pricing, Mullin identifies clear policy differences in the form of alternative pricing structures. The median voter prefers an increasing block rate pricing structure, where the price per unit of water increases as consumption rises, because most households are not affected by the highest price tiers. Increasing block rate pricing has a redistributive element to it as well, as normal usage is subsidized by wealthier households that use the most water for things such as swimming pools and large lawns (Ibid, 62). For water pricing, salience is indicated by temperature, because it has the most direct impact on water consumption (Ibid, 72). She finds that at low average temperatures, special purpose districts, especially those with elected boards, are more likely than general purpose governments to implement increasing block rate pricing. General purpose governments gradually become more responsive as average temperatures rise (Ibid, 70-79). This distinction between appointed and elected boards is important when considering the transferability of Mullin's finding to Canada, where most boards are appointed.

In addition, Mullin finds that where population growth pressures are modest, special purpose districts are more likely to charge impact fees for water hook-ups than general purpose governments – an explicit recognition that growth should pay its own way (Ibid, 94-100). And that special purpose districts are less likely than general purpose governments to establish intergovernmental agreements. However, boundary flexibility – which is a characteristic of some special purpose districts – and cooperative agreements are “substitute strategies” for policy coordination (Ibid, 118). Coordination may also become more difficult when intergovernmental conflicts are aired in public and municipal and district politicians take inflexible positions (Ibid, 170).

In sum, Mullin finds that the policy effects of specialization are conditional on the amount of attention that an issue receives in traditional legislative arenas. Where issue severity is low, private interests have greater influence in general purpose governments than in specialized governments. Institutional choice matters less as issues become more salient. However, special purpose districts can pose challenges for intergovernmental coordination. In reference to other studies that have found higher per capita spending among special districts, Mullin suggests that citizen preferences may be a better explanation than the predominance of private interests (2011, 107).

In direct contrast, Berry explores what he considers to be the two defining characteristics of single-function governments – territorial overlap and concurrent taxation (2009, 7).¹⁴ These, he argues, produce a fiscal common pool that special purpose governing boards can draw on to appease policy-relevant interest groups. In essence, everyone’s tax bill increases as a result of the service demands of those that actually vote in, and pay attention to, special district elections (Ibid, 20). Berry finds strong evidence to support his claim that the jurisdictional overlap of

¹⁴ Concurrent taxation is when overlapping jurisdictions tax the same property and activities.

special purpose districts results in higher spending than is the case when the same services are delivered by general purpose governments (Ibid, 126).¹⁵ Furthermore, his comparison of municipal and special district provision of library services finds that municipally run libraries are more efficient. It costs approximately 10 percent more for a special district library to loan a book than a municipal library, and special district libraries have fewer books and fewer trained librarians on staff (Ibid, 145).

Based on these findings, Berry makes the case that the Tiebout model requires a fundamental re-thinking in light of the changing local government landscape in the United States. Jurisdictional overlap may actually result in policy outcomes that meet the preference pattern of special interest groups and lead to the overprovision of those services that they care about (Ibid, 188). Furthermore, Berry suggests that empirical research on special districts has undermined some of the arguments advanced by proponents of specialized jurisdictions. He argues that by seeking to internalize horizontal externalities, specialization may create vertical fiscal externalities (Ibid, 189-90).

The results of other comparisons between special purpose districts and municipal departments based on measures of efficiency have been mixed. In their study of rural water utilities in Nevada, Bhattacharyya and colleagues find that water districts were the least efficient among municipal, county, and private water providers. Nonetheless, the private operators were the most efficient (Bhattacharyya et al., 1995, 389). Craig and colleagues find that airports operated as special districts do a better job of minimizing overall operational costs than airports

¹⁵ In Ontario, Locke and Tassonyi have shown that school board expenditures can overburden the property tax base, causing reductions in municipal expenditures (1993, 949). The reduction was not proportionate to the increase, so the overall trend is towards increased spending, but Berry does not really consider the impact that jurisdictional overlap has on the spending decisions of general purpose governments. Unlike when the Locke and Tassonyi study was undertaken, school boards in Ontario can no longer set their own property tax rate (Bird, Slack and Tassonyi 2012, 121).

run by general purpose governments, but that these efficiencies are, for the most part, offset by the higher costs special district airports pay for labour and materials – which are a function of labour costs (Craig et al. 2012, 726). They speculate that the lower visibility of special districts allows them to internalize the gains associated with operational efficiency, mainly in the form of higher wages for employees, consultants, and contractors (Ibid, 731). This interpretation of the motivations of district personnel is contradicted somewhat by the findings of Berman and West (2012). They compare the commitment of special district and municipal managers to public values and find that both groups have similar levels of commitment to citizen and community involvement, ethics and accountability, and managerial effectiveness.

Canadian empirical contributions have been thinner and focus mainly on introducing special purpose bodies to students of local government. A 1994 Institute of Public Administration of Canada publication, edited by Richmond and Siegel, represents the first “major treatment” of special purpose bodies in Canada. Though necessarily historical and descriptive in its approach, it does include considerations of the polycentrist and consolidationist perspectives, and does offer a number of policy prescriptions. A key conclusion was that the decision to use a special purpose body should be based on a strict rationale that includes instances where multiple municipalities or levels of government need to be involved, where arm’s length decision making about particular services is most appropriate, or where considerable organizational flexibility is needed (Siegel 1994b, 86). Sancton (2011) devotes an entire chapter to special purpose bodies in his *Canadian Local Government* textbook, a practice not common in other texts on the subject (see Tindal and Tindal 2004). He covers the range of special purpose bodies that exist in Canada, with particularly in-depth sections on school boards and police service boards. While recognizing that special purpose bodies add complexity to local

government, Sancton notes that most were formed to address specific problems that municipal councils are not particularly well-suited for. Moreover, inter-governmental special purpose bodies are often a more practical, and less disruptive, solution than amalgamation. As he explains, “[a]malgamating the cities of Regina and Moose Jaw because they share the same water treatment plant, for example, does not seem like enlightened public policy” (2011, 64).

Though not reaching numbers on par with the U.S., it is estimated that there are some 8,000 local special purpose bodies in Canada (Richmond and Siegel 1994, xv). Like municipalities, most special purpose bodies are granted authority through provincial legislation; however, some such as port and airport authorities are arm’s length bodies of the federal government (Sancton 2011, 9). Certain special purpose bodies such as school boards, police commissions and boards of health were established before municipalities were (Siegel 1994a, 9; Sancton 2011, 43-44). Historically, special purpose bodies have been formed as a result of some perceived shortcoming of existing municipal structures. The reform movement of the early 20th century advocated the formation of special purpose bodies for functions such as water, electricity, and public transit. Reformers sought to professionalize service delivery in these areas and remove decision-making authority from local politicians (Siegel 1994a, 11). This sentiment has since changed, and as the provincial government reports listed above illustrate, special purpose bodies are now often viewed as an obstacle to municipal control over local services (Sancton 2011, 40). Nonetheless, special purpose bodies continue to provide services such as economic development, tourism, policing, transit, public health, and conservation and flood control in many provinces (Siegel 1994, 17). This is especially the case in Ontario.

Direct comparisons between municipal and special purpose body service delivery in Ontario have been undertaken for both water supply and urban transit. Based on comparisons of

water supply costs between municipal departments and separate water or public utilities commissions – whose boards were directly elected – in 1970, Kitchen finds that water supply costs were much lower for municipal departments.¹⁶ He argues that this is because municipal governments face stronger pressures for public accountability and benefit from economies of scope more so than water commissions. Kitchen explains that the increased public accountability associated with municipal delivery results in greater pressure to reduce costs, improve efficiency, and justify expenditure increases (1975, 299). Moreover, municipal delivery allows for the sharing of personnel and resources, which is not possible with separate water commissions (Ibid, 302). For public transit, Kitchen does not find significant differences for operating costs between special purpose bodies and municipal transit providers. But he does find that private sector provision is significantly less costly than public provision (Kitchen 1992, 118). He employs the public choice perspective as a possible explanation for this difference, by suggesting that public sector managers act with greater independence than their private sector counterparts. Thus, public sector managers are freer to engage in opportunistic behaviour (Ibid, 122).

Frisken challenges the public choice perspective with a case study of Toronto's public transit system (1991). She argues that there is a strong link between transit usage and urban development patterns. Metropolitan Toronto was able to coordinate both in such a way that investments in rapid transit became a real alternative to expressway construction, and per capita ridership and transit revenues remained high. It is important to note, however, that the agency responsible for transit in Toronto, the Toronto Transit Commission (TTC), is a special purpose body. While Metropolitan Toronto may have been a multipurpose government that facilitated regional cooperation, special purpose bodies such as the TTC also played an important role. The

¹⁶ The public utilities commission model has fallen out of use in Ontario. Changes to the Municipal Act reduced the requirement for public utility commission dissolutions from a plebiscite to a resolution from council (Joe et al. 2002, 22-23).

TTC's semi-autonomy also insulated it, for a time at least, from political demands for expanded routes where population numbers were not high enough to warrant them and allowed the TTC to act as an advocate for system improvements (Ibid, 280).

The limited empirical and theoretical work that has been done on special purpose bodies in Canada has meant that important questions have been left unresolved. Some is known about how and why certain special purpose bodies are formed but larger questions that consider the policy consequences of the use of special purpose bodies remain unexamined. The literature from the U.S. offers some important clues, but those debates are far from settled and the institutional make-up of Canadian local government is very different. Questions concerning the budgetary impact and efficiency of special purpose bodies have not been sufficiently explored in the Canadian context, where most boards are appointed, not elected. Consolidationists claim that service delivery through special purpose bodies costs more than when the same services are delivered by general purpose governments. However, polycentrists argue that fragmented political systems are more efficient and that spending rates increase faster under general purpose governments. There is some indication from the U.S. and Canadian literature that service delivery through special purpose bodies is more expensive, but many of these comparisons deal with special purpose bodies with elected boards. It is likely that at least some appointed board members face a different set of incentives in regards to budgetary growth. These issues will be explored in the public health chapter. This policy area allows for clear comparisons of municipal and special purpose body spending for a similar suite of programs that are mandated by the province.

More work is also needed on questions of accountability, policy coordination, the influence of private interests, and responsiveness in the literature more broadly. Polycentrists

argue that coordination is achievable under fragmented systems, and that specialized governments are more responsive to the preferences of residents and communities than general purpose governments. They also claim that the performance of officials can be more clearly evaluated by citizens under fragmented systems, but again they are usually referring to elected, not appointed officials. Consolidationists on the other hand argue that special purpose bodies are less visible and less accountable to voters, and thus more likely to be influenced by private interests. Moreover, policy coordination can be better achieved through a single general purpose government rather than a multitude of special purpose bodies. The more recent work of Mullin and Berry has tackled some of these questions, but has found different answers. While Mullin has found special districts to be more responsive to the preferences of the median voter, Berry has found them to be captured by groups that have a stake in the service that they deliver. The economic development and watershed management case studies will explore these questions further.

Economic development is best suited for tests of accountability, policy coordination, and the influence of private interests because the province is much less involved in this policy area than it is in public health and watershed management. Thus, the principal-agent relationship is much clearer. This is also a municipal policy area where business interests tend to have considerable influence. The extent to which different local structures mediate or further promote these interests is an important yet largely unexplored question in the Canadian local government literature.

The watershed management chapter looks at responsiveness and the comparison is based on conservation authority board composition. There are many competing interests at play in this policy area, but responsiveness is operationalized as the willingness of conservation authorities

to uphold the provincial goals of watershed management, such as the wise management of resources and the protection of public health and safety. The Upper Thames Conservation Authority's board is made of members from multiple municipalities, while the Hamilton Conservation Authority's board is drawn predominantly from a single municipality. As this case illustrates, there can be considerable variation amongst special purpose bodies in terms of board composition. While the differences between special purpose bodies and municipal departments still need further elucidation, even less has been written about differences between special purpose bodies that perform the same function.

The next chapter describes the governing arrangements in the cities of London and Hamilton. It argues that London is more geographically and functionally fragmented than Hamilton. This is in relative terms, however, as both municipalities are highly consolidated by North American standards. In the U.S. literature, the link between specialized governments and arguments in favour of polycentricity are much clearer because territorial and functional fragmentation are more pronounced. Nonetheless, there are differences between London and Hamilton, especially in regards to functional fragmentation. In other words, special purpose bodies, and other alternative service delivery mechanisms are more prevalent in London than in Hamilton. The case studies follow. As explained above, they assess the extent to which the hypotheses of polycentrists and consolidationists are transferable to Canada, and specifically to Ontario.

Chapter Three

London and Hamilton: Two Cities along a Continuum

London and Hamilton have been selected as the two main cities to be studied in this dissertation because of their different municipal structures. Both have been consolidated geographically, but Hamilton more so than London. London is also more functionally fragmented than Hamilton. The level of fragmentation in London does not come close to that of many metropolitan areas in the United States where there are approximately 90,000 local governments and often more than 100 in a single metropolitan area (Savitch and Vogel 1996, 11; Berry 2009, 1, 6). Indeed, if London and Hamilton were to be placed on a similar continuum for regional institutions developed for U.S. metropolitan areas, they would both rank much closer to the comprehensive than the partial end of the spectrum (Savitch and Vogel 1996, 13). However, there are clear differences between London and Hamilton. These differences will be illustrated through a description of the changes that produced the current municipal structures in both cities, followed by an in-depth look at how local services are delivered in both municipalities.

The purpose of this chapter is twofold. The first is to illustrate how consolidationist ideas, long favoured by the province, have affected municipal structures in Ontario. Much of the debate between polycentrists and consolidationists takes place in the context of metropolitan areas in the United States. This dissertation is analysing the extent to which these two theories are transferable to Canada. The first half of the chapter illustrates how consolidationist arguments have shaped two Ontario cities. Readers familiar with the literature from the U.S. will notice that the process of local government formation and reorganization is much different in Ontario (see Burns 1994). Although the province played a big role in determining the current local government structure in both cities, differences remain between the two. The second purpose of

the chapter is to argue that London is more fragmented than Hamilton. Polycentrists argue for many small general purpose governments alongside inter-municipal and private sector service agreements, and functionally specialized jurisdictions that vary in size according to the scale of the service delivered. Consolidationists argue for a general purpose government capable of delivering at least some services for the entire metropolitan area. Geography and functions are thus important to both schools of thought. The second half of the chapter will illustrate how London is more fragmented than Hamilton on both of these characteristics.

3.1. Municipal Restructuring in London and Hamilton

The City of London

London is located in southwestern Ontario, approximately halfway between Toronto and Detroit. It is the region's administrative and commercial centre. Its growth cannot be attributed to a single industry; however, manufacturing, insurance, and finance were all important. For example, before consolidations moved most of them to Toronto, London was home to the head offices of approximately 30 different banks and insurance companies (London Life 2013). London has developed a reputation as being a safe, conservative, and although wealthy, a rather dull city (Miller 1988).

London was incorporated as a City and separated from Middlesex County in 1855. Since then, its boundaries have been expanded through a series of annexations. The City remains linked to the County both geographically and functionally through administrative agreements and inter-municipal special purpose bodies. London was exempt from the two most recent waves of municipal restructuring in Ontario largely because it had already annexed large swaths of adjacent territory. During the push for the formation of two-tier regional governments in the 1960s and 1970s, London was already a de facto single-tier regional government as it had

recently annexed portions of the neighbouring townships of London and Westminster (Sancton 1998).¹⁷ Similarly, a large annexation in 1993, which nearly tripled London's geographical area, spared London from an even more aggressive push for amalgamations in the 1990s (Sancton, James, and Ramsay 2000, 55; Martin 2007). This most recent annexation was the culmination of an eleven-year boundary dispute. Against the wishes of most of the other affected municipalities, London sought land for further industrial and residential development. Throughout this process, a number of different municipal structures were put forward as options for the greater London area before the current structure was ultimately decided upon by the province.

The passage of the provincial Municipal Boundary Negotiations Act, in 1981 spurred discussions in London about territorial expansion.¹⁸ Soon after, the City expressed an interest in annexing surrounding lands in Middlesex County. The County of Middlesex and its constituent municipalities were opposed to the annexation and the County mounted an organized campaign against annexation, using the slogan "Annexation – What is the Price?" (Taylor 1992). The two sides were entrenched early on, with the City seeking land for economic development, and the County and neighbouring lower-tier municipalities concerned about loss of assessment base and higher taxes. The process was drawn out and little progress was made until the second half of the decade.

In late 1986, the London Development Institute tabled its Residential Land Inventory and Capacity Study. This study made the case for an expansion of the City's boundaries in order to

¹⁷ A number of public and private investment decisions made during the war and in the following decades, extended growth beyond the municipal boundary. Important among these were a repair facility for military aircraft (now the site of the London International Airport), the General Motors locomotive plant, administrative offices and a manufacturing plant for the Minnesota Mining and Manufacturing Company (3M), and the construction of the 401 and 402 highways as part of a provincial highway system. All located outside of the City's boundaries (Meligrana 2000). In 1958, the City passed an annexation by-law which sought to bring much of this growth within its jurisdiction. In 1961, the Ontario Municipal Board (OMB) awarded the City approximately 12,000 hectares, about half of its original request (Sancton 1998, 164). The annexed land included the University of Western Ontario.

¹⁸ Before this legislation, boundary disputes were heard by the Ontario Municipal Board. The OMB is an administrative tribunal, which primarily hears land-use planning appeals.

avoid looming land shortages and increases in housing prices (City of London, n.d.). In the following spring, the City of London engaged in informal negotiations regarding possible boundary adjustments with four neighbouring townships: Westminster, West Nissouri, North Dorchester, and London. These informal negotiations yielded no results but their breakdown did result in action by both sides. In an attempt to preserve its existence, the Township of Westminster applied for and was eventually granted town status through the Ontario Municipal Board (OMB). It also took on an urban fringe perspective in its official plan (Taylor 1992). For its part, the City of London made a formal application under the Municipal Boundaries Negotiation Act in January 1988.

Westminster was steadfast in its opposition to annexation. West Nissouri took a similar position. Both were supported by the County, which maintained that a large annexation by the City would have adverse economic impacts. North Dorchester and London Townships, though cautious, were not quite as firm and were willing to discuss minor, mutually beneficial boundary adjustments. In November 1988, the City sent the province its proposed boundary adjustments, which totaled 9,490 hectares – 5,051 hectares from Westminster and 4,339 hectares from London Township. Expansion into West Nissouri and North Dorchester was shelved. Included in this proposal was an offer to extend sewage and water services to under-serviced growth areas within Westminster (Sancton, James, and Ramsay 2000, 55; City of London n.d.). Despite this olive branch, the timing of the City's proposal submission seemed calculated. It was submitted during the overlap period between the 1988 municipal election and the swearing in of the new council, and Westminster and London Township were not informed of the City's proposal until a full three weeks after it had been sent to the province (Sancton 1998, 167).

Once the proposal was submitted, it became the prerogative of the Minister of Municipal Affairs, who appointed a fact-finder from the ministry. The fact-finding process got underway in May of 1989, with representatives from the City, the County, Westminster, and the Township of London on the steering-committee. The fact-finder's report was completed in April 1990. Notwithstanding an intervention by the ministry to defer approval for development applications in Westminster and London Township until the issue was settled, no progress was made towards resolving the boundary dispute. In response to the report, the minister decided that London's proposal was too constrained, and that a more "comprehensive" solution would be in the "best interest of the area" (quoted in City of London, n.d.). Working off one of the fact-finder's recommendations, the minister struck a negotiating committee which included the municipalities on the fact-finder's steering committee and also brought in representatives from North Dorchester, West Nissouri, and Delaware. Don Taylor, a high-ranking ministry official, was appointed chair.

The negotiating committee began meeting in June 1990, and Taylor's final report was released in January 1992. Once again, the province used its authority over development approvals to encourage cooperation. Applications in Westminster and London Township remained on hold, and the province gave notice that applications in North Dorchester, West Nissouri, and Delaware would be considered in the context of the ongoing negotiations. Three different structural proposals were put forward by the affected municipalities. The City recommended amalgamation with Westminster and annexations from West Nissouri, North Dorchester, London Township, and Delaware, for a total expansion of over 30,000 hectares (City of London n.d.). The County's position was for a much more limited annexation of 2,630 hectares and for a joint commission that would oversee area-wide planning and servicing.

Westminster proposed a two-tier regional structure that would keep lower-tier boundaries mostly in-tact (Ibid). Both of these proposals reflected the concerns of the affected governments for self-preservation.

Negotiators from the City of London maintained that the City was best-suited to plan and finance area growth, and that a large-scale annexation would ensure that this could be accomplished. They opposed Westminster's regional government proposal on the grounds that it would add an unnecessary level of government, which the City would dominate anyway (Taylor 1992). Municipal elections in 1991 also saw Westminster's position soften as the new mayor thought regional government might prove too costly (Taylor 1992; Sancton 1998, 170). Regional government was an unsatisfactory solution for most of the other parties as well. Instead, they advocated for the establishment of an area-wide commission with decision-making authority for the services under its jurisdiction. Of all of the options put forward, this is the one which polycentrists would have found most to their liking (see Bish 2001). The City, though at least somewhat receptive to the commission proposal, was not willing to grant it decision-making powers.

The City of London also concluded, or was in the process of negotiating, a number of bilateral agreements that would have seen portions of surrounding municipalities annexed and the extension of sewer and water services. The "preservation of municipal units" was a key component of these deals and Taylor argued that they were not in the provincial interest, because they lacked "comprehensiveness" and left "duplication over a single area of interest in place" (Taylor 1992). Of primary provincial interest for the London area were local government boundaries covering an area such that the City of London will not need to expand for at least another 20 years, and including the London Airport and the two provincial highways to the south

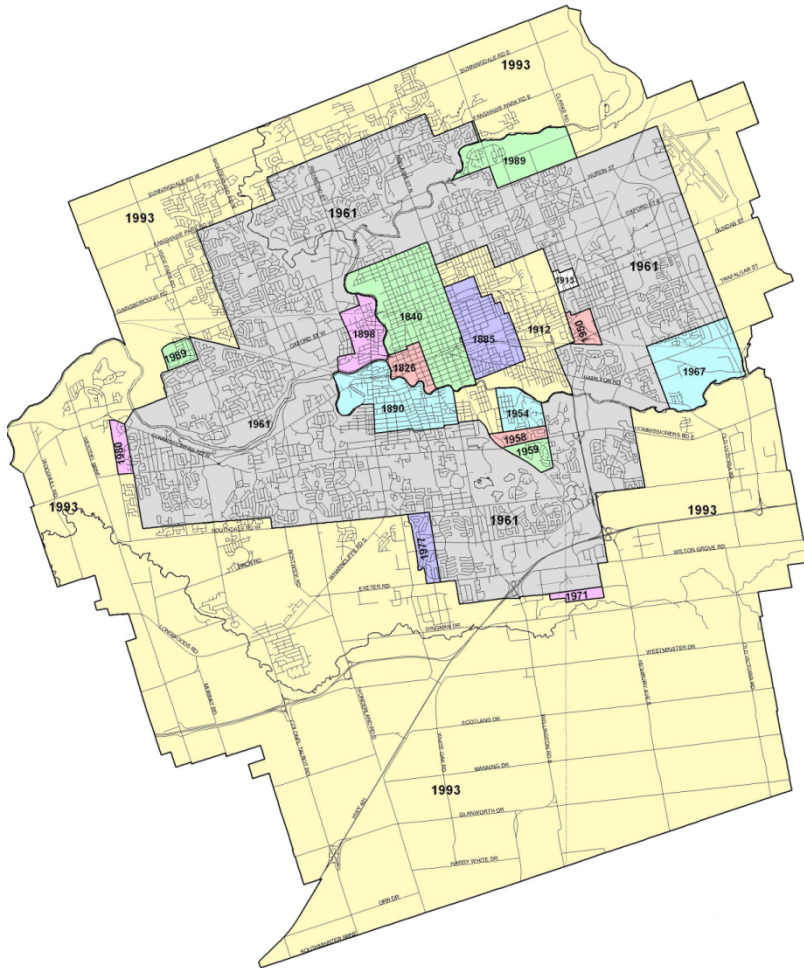
of city (Taylor 1992). Polycentrists would argue that this was clearly a case where the public interest, as defined by the province, was contrary to the interests of smaller communities for continued self-government (see Bish 1971, 150). It is also reflective of the long-standing consolidationist position held by staff from the Ministry of Municipal Affairs (Sancton 1998, 180).

In his final report, Taylor outlined three possible structures that would meet provincial interests. The first option, the City of Middlesex, was for a single-tier municipality covering all of the City of London and the County of Middlesex. The second, the City of the Greater London Area, included the City of London, the Town of Westminster, and the Townships of Delaware, London, West Nissouri and North Dorchester. The third, Annexation to the City, involved the annexation of a 20-year area of influence for the City of London and amalgamations in order to consolidate the remaining townships. All three options would thus result in large-scale boundary adjustments and to varying degrees would move more London in-line with the consolidationist ideal of a single general purpose government responsible for an entire metropolitan area. Though not entirely clear at the time, Taylor's recommendations to the minister and the resultant terms of reference for the arbitrator appointed to come up with the draft legislation to settle the dispute – local businessman John Brant – had for the most part predetermined the outcome (Sancton 1998, 170).

Brant did consult widely during his deliberations, and though the process was not as transparent as he originally promised, members of the public were given an audience and the perception that their views would be taken into account (Ibid, 171-172). His report was released in April 1992 and his decision on boundary adjustments closely resembled the request put forward by London during the negotiating committee stage. The City of London was expanded

by over 26,000 hectares. Most of the land – nearly 20,000 hectares – was annexed from Westminster. This satisfied the criterion for expansion to the provincial highways to the south. Smaller portions were annexed from the Townships of London – which included the airport and room for expansion – West Nissouri, North Dorchester, and Delaware. North Dorchester and Delaware also annexed what remained of Westminster (Brant 1992, 7; Sancton 1998, 172; City of London n.d). The County of Middlesex challenged Brant’s report in Divisional Court in June, but was unsuccessful. It then presented an alternative plan and when that failed, both the County and Westminster announced that they were willing to accept London’s initial proposal from 1988. Brant’s report was also challenged by a local MPP, who was a member of the governing party. In the end, the report was enacted into legislation mostly intact, and came into force on January 1, 1993 (Sancton 1998, 173-178). The legislation also included a compensation package from the City of London to the County of Middlesex to account for lost assessment base, and to help pay for certain development activities in the County, such as sewers, water lines, and suburban roads (Ontario Ministry of Municipal Affairs 1992, 8). Figure 3.1 below shows all of the land annexed by the City of London since 1840; the extent of the 1993 annexation is clearly evident.

Figure 3.1 City of London Annexations



Source: City of London 2000a

Another important structural change that was part of the annexation legislation was the elimination of the London and Westminster Public Utilities Commissions (PUCs). London Hydro, a municipally-owned corporation, was established as the electricity provider and the City took over the water and sewer, and parks and recreation services that were delivered by the London PUC (Ontario Ministry of Municipal Affairs 1992, 16). Besides school boards, PUCs

were one of the few special purpose bodies in Ontario whose representatives were directly elected.¹⁹

In 2007, The London Free Press ran a special report on the 1993 annexation 15 years on (Martin 2007). It found that neither the hopes nor the fears associated with annexation had really come to fruition. Pockets of discontent continue to exist, but the most vocal opponents have softened their position somewhat. The former mayor of Westminster acknowledged that many of the services that have been brought to Westminster since annexation would have required the Town to take on considerable debt to finance. But he also stated that political efficacy has been reduced: “One thing that I really miss is the value of my vote. When I was a ratepayer in Westminster I knew the council and they answered to a population of about 6,500. Now my vote doesn’t count, I really feel that.” This sentiment was repeated by another commentator from Westminster: “It is harder to get answers from City Hall. In Westminster you called and you got the answer with one person.” These feelings are ones that most polycentrists would have expected. They argue that increasing the size and decreasing the number of government units has negative impacts on citizen participation and the responsiveness of public officials (Bish 1971, 154; E. Ostrom 1972, 480).

Today, much of the annexed land remains undeveloped, but recent announcements indicate that both the City and the province are again considering substantial investments along the provincial highways in the south end of the city. Reminiscent of the arguments made by London in favour of annexation, the current mayor has referred to these projects as “imperative for our economic development” (Maloney 2011b), and has predicted that they will result in “thousands of jobs and tens of millions in extra taxes” (Martin 2011b). And again, groups from

¹⁹ As mentioned in Chapter Two, PUCs fell out of use across the province in the late 1990s. Changes to the Municipal Act in 1996 allowed municipalities dissolve PUCs by a resolution of council. Before this, a plebiscite was required.

the County have expressed their concern. The Middlesex Federation of Agriculture argues that these projects will negatively impact high quality agricultural land, and that London already has considerable serviced land holdings for sale that are within City limits (Maloney 2011a).

The Board of Control

On the governance side, another important factor to consider is that, up until the swearing in of the new council in December 2010, London was the only remaining municipality in Ontario to have a Board of Control. The four members of the Board of Control along with the mayor served as an executive committee of council. The board oversaw financial, administrative and legal matters and awarded contracts. Controllers were directly elected on a city-wide basis. The debate over its dissolution was protracted, spanning over a decade. Those in support of the board argued that it was an accountable and effective body capable of making decisions for the city as a whole (Martin 2009; Sher 2009a). They maintained that it gave citizens greater choice, as without it much of the work that is handled by the board would go to committees of council, to which councillors are appointed, not directly elected (Sher 2009a; 2009b). Those opposed to the board argued that it was an unnecessary expense that created division and resentment among councillors and confused citizens (Swan 1996). They also felt that the Board of Control gave developers undue influence because of the costs associated with city-wide elections. Developers were a major source of campaign contributions for Board of Control candidates, thus its opponents argued that candidates that had the support of developers were at an advantage (Sher 2009a).

During the 2003 municipal election, a non-binding question was included on the ballot regarding the fate of the Board of Control. Approximately 55 percent of those that answered were in favour of eliminating the board, but because of low voter turnout, the new council

decided not to act on it (Martin 2009). A citizen group eventually took the issue to the OMB. Included in their appeal was a proposal to replace London's seven-ward two-councillors-per-ward-system, with 14 smaller one councillor wards. In his decision on the matter, OMB member Doug Gates kept the Board of Control in place but did order the requested changes to the existing ward system (Sher and Belanger 2005).

The issue was raised formally again in 2009 when a council mandated Governance Task Force recommended that the board be eliminated. The debate continued in the lead up to the vote on the issue with many developers making presentations in favour of keeping the board in place (Sher 2009a). But the board's opponents won out and a by-law abolishing the board was passed by a vote of 13 to six to take effect after the next municipal election. London's current governance structure includes 14 part-time ward councillors and one mayor elected at large.

In short, London's 1993 annexation led to a considerable degree of both geographical and functional consolidation. The province, which has been strongly influenced by consolidationist thinking, imposed a decision that was against the wishes of most of the affected municipalities. The structural changes that were brought about by this annexation significantly altered the local government landscape in the London area, but as the next section illustrates changes elsewhere in the province have been even more substantial.

The City of Hamilton

Hamilton is part of a contiguous system of four Census Metropolitan Areas (CMAs) forming the Golden Horseshoe, which surrounds the western portion of Lake Ontario. From the late 1800s to the 1980s, much of Hamilton's development was driven by its dominance over the steelmaking industry. For example, in the 1970s, nearly half of the city's population was employed in manufacturing and Hamilton accounted for 70 percent of all steel production in Canada (Ontario

1978, 27; Weaver 1982; Anderson 1987, 202). As a result of Hamilton's historical success in the steel industry, it has taken on the image of a blue-collar, company town.

Hamilton was incorporated as a City in 1846. The surrounding Wentworth County was established in 1853 (D. O'Brien 1999, 2). Development of the iron and steel industry, and municipal involvement in the construction of rail and later electric street car lines, and county roads spurred cooperation between the City and the County. This cooperation eventually became more formalized through special purpose bodies such as the Suburban Roads Commission, the District Health Unit, the Hamilton-Wentworth Planning Board, and inter-municipal service agreements for water and sanitary sewage facilities. The City also grew outwards through annexations, but post-war growth posed considerable servicing challenges and local government restructuring became a priority (Ontario 1978, 12-19).

Based on the early success of the Municipality of Metropolitan Toronto (Metro), the province sought to establish similar two-tier structures in other rapidly growing areas outside of the Greater Toronto Area. The Regional Municipality of Hamilton-Wentworth was formed in 1974 by bringing together the City of Hamilton and Wentworth County under a combined governing structure. A number of lower-tier municipalities from the County were also amalgamated as part of this process. Member municipalities in the regional government included Hamilton, Ancaster, Dundas, Glanbrook, Flamborough, and Stoney Creek (D. O'Brien 1999). The regional council originally consisted of 28 members – the regional chair, the seventeen members of the City of Hamilton Council, and two councillors from each of the other constituent municipalities. The regional chair, who was elected by the members of regional council for a two-year term, could not serve concurrently on any of the lower-tier councils. The regional government took on responsibilities for regional land-use planning, industrial development,

water works, sanitary sewage works, solid waste disposal, arterial roads, transit, social services, debenture financing, policing, and public health. The responsibilities of the lower-tier municipalities included local land-use planning, land drainage, area roads, solid waste collection, fire protection, and parks and recreation (Ontario 1978, 40).

The regional government faced considerable challenges throughout its brief history. The main problems included conflicts between politicians representing urban and rural interests, accountability problems caused by the indirect election of regional politicians, confused loyalties amongst councillors who served at both levels, and charges of redundancy, overlap and over-government from residents (Ontario 1978, 40-41; D. O'Brien 1999, 7). As early as 1978, the provincially appointed Hamilton Wentworth Review Commission recommended the creation of a single-tier municipality covering the entire region and reforms to make existing special purpose bodies more accountable to council (Ontario 1978, 37). The report was never implemented because it was seen by many to be premature to abolish the regional government after only four years (D. O'Brien 1999, 7).

Despite institutional changes such as the direct election of the regional chair and an administrative merger between the regional government and the City of Hamilton that saw staff resources combined, Hamilton was again caught up in next wave of municipal restructuring in the 1990s. The solution proposed by a number of studies at the time was for the creation of a single-tier municipal government. Only one plan, drawn up by an MPP from Wentworth North, deviated from this consolidationist consensus. This proposal would have seen the lower-tier municipalities remain, and the elimination of the regional level. Area-wide services, such as those delivered by the regional government, would be provided to the lower-tier municipalities through service agreements and special purpose bodies (D. O'Brien 1999, 12-13). Arguments in

favour of consolidation were most commonly made on the basis of effectiveness, efficiency, and accountability. These were operationalized in terms of enhanced capacity for area-wide planning and attracting investment, cost-savings, and clear lines of responsibility (Ibid, 7-13). Not all lower-tier municipalities were on board however – most notably Dundas and Flamborough – and in September of 1999, the province appointed David O’Brien, who was the city manager for Mississauga at the time, as Special Advisor on Local Government Reform for the area.

O’Brien’s terms of reference were centered on achieving five principles: fewer municipal politicians, lower taxes, more efficient service delivery, less bureaucracy, and clear lines of responsibility and accountability at the local level. Based on local consultations and submissions from interested parties, O’Brien grouped proposals into three possible alternatives. The first option, One City, involved the creation of a new single-tier government for the region. The second, Three Cities, would have seen the elimination of the regional government, the City of Hamilton remain intact, and the creation of two new cities – the City of Wentworth and the City of Stoney Creek – through amalgamations amongst the remaining lower-tier municipalities. The third option was for the status quo. This option was not given much consideration by O’Brien as he viewed it as violating his terms of reference. One proposal rather awkwardly grouped under this option was similar to the one put forward by the MPP from Wentworth North and involved replacing the regional level with a number of service boards and keeping the lower-tier municipalities intact (D. O’Brien 1999, 26-31).

The One City option was supported by the City of Hamilton, the regional chair, and local business interests. Arguments advanced in favour of this option included the potential for improved social equity, area-wide planning, global competitiveness, understandability for citizens, and further administrative cost-savings. The City’s proposal also included mechanisms

to address the separate communities that would be present within the new municipality such as area rating of property taxes and geographically based community committees (Ibid, 26-28).

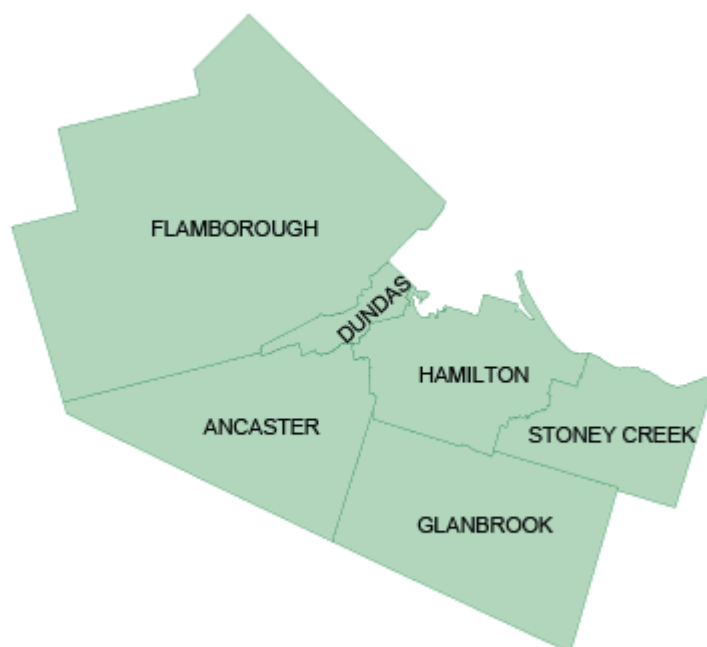
The Three Cities option was put forward by the five other affected municipalities and had the support of the MPP for Stoney Creek. Under this proposal, the newly expanded lower-tier municipalities would assume responsibility for some of the services delivered by the region. Other services such as police services, social and family services, and public health would be delivered by the City of Hamilton on an interim basis, pending the creation of a larger service agency that would also include Haldimand-Norfolk and the Niagara Region. Services with their own dedicated revenue streams such as transit, water, sanitary sewers, solid waste disposal, the airport, and land-use planning would be delivered by a Greater Hamilton Service Entity. Arguments in favour of this option included: increased efficiency, social equity, inter-municipal competition, the preservation of separate communities of interest, the prevention of the leveling up of expenditures, the continuation of part-time politicians, and citizen support. Polycentrists could agree on many of these structural arrangements, especially those that recognized different economies of scale. However, the three general purpose governments would likely still be considered too large by polycentrist standards (see V. Ostrom, Tiebout and Warren, 1961).

Ultimately, O'Brien found that the single-tier option was the best choice for the area. His position was that the single-tier system would eliminate duplication and overlap and improve accountability. Moreover, he argued that "the economics of survival as an urban entity by itself dictates that the area must join as one to be able to compete in the world marketplace. Three cities do nothing more than perpetuate an already divisive approach to the success of the Hamilton regional area" (D. O'Brien 1999, 37). As has been illustrated by Sancton (1999) arguments linking municipal structure to global competitiveness are inherently flawed.

Nonetheless, it seems as though staff within the Ministry of Municipal Affairs were able to link the governments concerns for accountability, fewer politicians, and competitiveness with their predilection for municipal consolidation (Ibid; Sancton 2000).

As part of the provincial government's Fewer Politicians Act, 1999, the single-tier, consolidated City of Hamilton was established on January 1, 2001. The number of politicians was certainly reduced as the new council was made up of 15 full-time ward councillors and the mayor who was elected at large. Previously, there were 59 elected municipal politicians serving the area. A transition board oversaw these and other changes and also made recommendations regarding area rating of property taxes, governance structures and processes, and local boards and agencies (Transition Board for the New City of Hamilton 2001, 7). However, like most other municipal restructurings orchestrated at this time, Hamilton's was not without controversy. Flamborough unsuccessfully challenged the legislation (Ibid, 3). A local Conservative MPP resigned and the Conservatives failed to hold onto the seat in the by-election that followed (Siegel 2005, 134). Moreover, political and fiscal tensions between the inner city and the suburbs increased as the municipality attempted to match service levels to the preferences of different areas, all out of the general revenue pool (Sproule-Jones 2011). These tensions fuelled calls for de-amalgamation and led to the creation of citizen groups such as the Committee to Free Flamborough (Fragomeni 2005, A6). The current mayor campaigned on a pledge to consider de-amalgamation, but faced resistance from the province and failed to muster the support of potential suburban allies on council. He seems to have dropped the issue (Reilly 2010, A3). Figure 3.2 below shows the boundaries of the former lower-tier municipalities, all of which were abolished with amalgamation.

Figure 3.2 Boundaries of the Former Lower-tier Municipalities in the City of Hamilton



Source: Data Management Group 2006

In sum, the current local government structures in both London and Hamilton were established through long and politically charged processes in which the province played a major role. The consolidationist proposals put forward by the City of London and the City of Hamilton were for the most part implemented. Both decisions were made by a provincial appointee, and were against the wishes of affected lower-tier municipalities which had put forward more polycentric proposals. Despite these similarities, there are still important differences between the local government structure and service delivery in these cities. The rest of this chapter will explore these differences.

3.2. Geographic Jurisdiction

In terms of the appropriate size and number of local governments across a metropolitan area, consolidationists favour geographical consolidation, while polycentrists favour geographical fragmentation. For the purposes of this dissertation, a metropolitan area will be defined using Statistics Canada's definition of a Census Metropolitan Area (CMA). According to Statistics

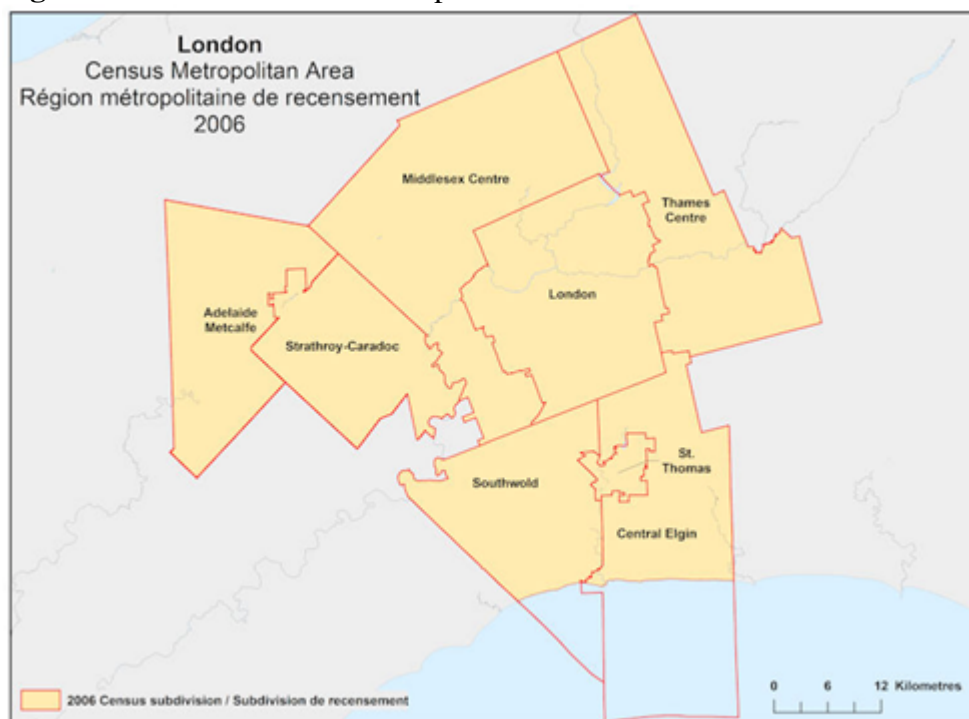
Canada, CMAs have an urban core with a population of at least 50,000 and a total population of at least 100,000 (Statistics Canada 2010). Both London and Hamilton fit this definition. As discussed in the previous sections, the territories of both London and Hamilton were greatly expanded in 1993 and 2001, respectively. And as illustrated in the maps and table below, both cities span a considerable land area. Nonetheless, the City of Hamilton covers a much greater percentage of its metropolitan area at 81 percent compared to the City of London at 16 percent. Furthermore, the London CMA includes twice as many municipalities, with six lower-tier municipalities, two counties (Middlesex and Elgin) and two separate cities (London and St. Thomas). The Hamilton CMA includes two lower-tier municipalities (Grimsby and Burlington), two regional governments (Niagara and Halton), and the City of Hamilton.

Figure 3.3 1991 and 2011 Municipal Boundaries for London and Hamilton



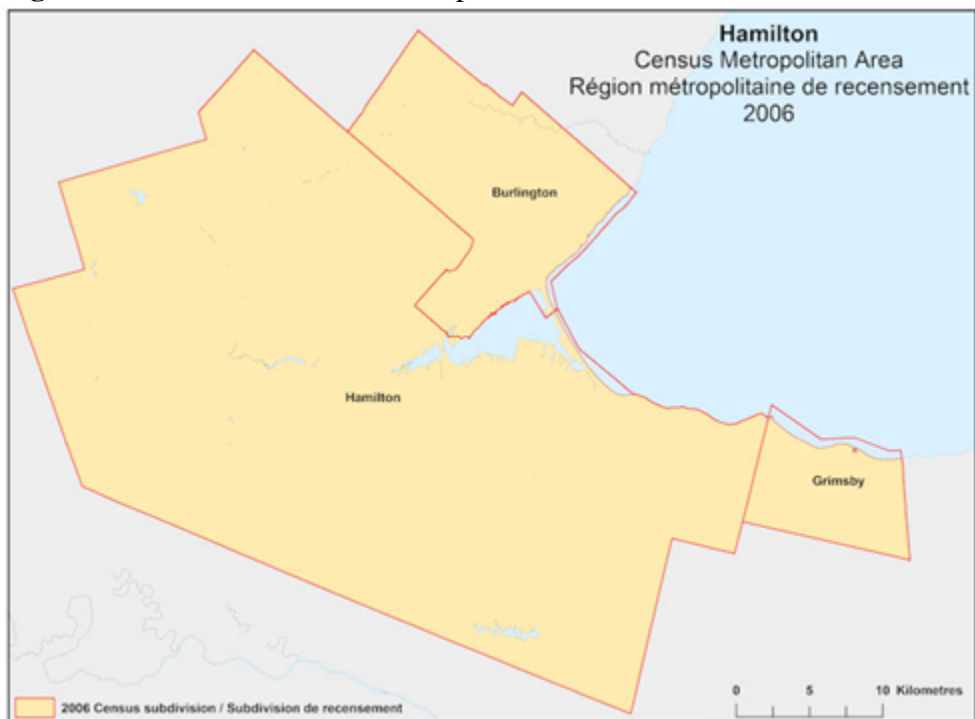
Source: Statistics Canada 1991, 2011b, 2011c

Figure 3.4 London Census Metropolitan Area



Source: Statistics Canada 2011e

Figure 3.5 Hamilton Census Metropolitan Area



Source: Statistics Canada 2011d

Table 3.1 Percentage of Census Metropolitan Area covered by City

Land Area (Square km)			
	City	CMA	% in City
London	420.57	2,665.62	16
Hamilton	1,117.23	1,371.88	81

Source: Statistics Canada 2012k, 2012l, 2012q, 2012r

With regards to population however, the City of London contains a slightly greater percentage of the CMA population – at 77 percent – than Hamilton, which averaged 73 percent between the 2001 and 2011 Censuses. Burlington, which has a population of 175,000 accounts for much of this difference (Statistics Canada, 2012d).

Table 3.2 Percentage of Census Metropolitan Area Population in City

Population			
	City	CMA	% in City
2011			
London	366,151	474,786	77
Hamilton	519,949	721,053	72
2006			
London	352,395	457,720	77
Hamilton	504,559	692,911	73
2001			
London	336,539	435,600	77
Hamilton	490,743	662,401	74

Source: Statistics Canada 2007a, 2007b, 2007c, 2008, 2012k, 2012l, 2012q, 2012r

Geographically, both cities appear to be relatively consolidated. Especially in comparison with the U.S. where mean number of general purpose governments per metropolitan area is approximately 40 (Foster 1997, 3) and on average central cities contain approximately 40 percent of the metropolitan population (Savitch et al. 1993, 350). Indeed, both London and Hamilton surpass Rusk's population coverage threshold for metropolitan governments, which is 60 percent (Rusk 1993, 89). However, the City of Hamilton is over twice as large as London and covers a significantly larger portion of its corresponding CMA. There are also twice as many general

purpose governments in the London CMA than in the Hamilton CMA. But how do they compare with the largest cities in Ontario's other CMAs?

Intra-Provincial Comparisons

The table below offers a comparison of the largest cities from the thirteen other CMAs in Ontario. In terms of land area, London is the fifth largest municipality in this group. At 16 percent, it is below the provincial average of percentage of CMA land area, which is 24 percent. Hamilton is the third largest municipality in this group by land area, and at 81 percent of CMA land area is well above the provincial average. The provincial average for percent of CMA population in the largest city is 68 percent, which both London and Hamilton exceed by a few percentage points. St. Catharines is the only municipality in this group for which percentage of CMA population falls below 40 percent. This is mainly due to the presence of Niagara Falls, another mid-sized city in the same CMA.

Table 3.3 Ontario's 13 other Census Metropolitan Areas

	Population			Land Area (square km)		
	City	CMA	% in City	City	CMA	% City
Barrie	135,711	187,013	77	77.39	897.83	9
Brantford	93,650	135,501	69	72.47	1,073.11	7
Guelph	121,688	141,097	86	87.20	593.52	15
Kingston	123,363	159,561	77	451.17	1,938.92	23
Kitchener-Cambridge-Waterloo ²⁰	219,153	477,160	46	136.79	827.43	17
Oshawa	149,607	356,177	42	145.68	903.51	16
Ottawa (ON part only)	883,391	921,823	96	2,790.22	3,287.13	85
Peterborough	78,698	118,975	66	63.80	1,506.90	4
St. Catharines-Niagara ²¹	131,400	392,184	34	96.11	1,397.51	7
Sudbury (Greater)	160,274	160,770	99	3,227.38	3,410.62	95

²⁰ The City numbers in this row are from the City of Kitchener, which is the largest municipality by population and land area in the Kitchener-Cambridge-Waterloo CMA. Cambridge and Waterloo have populations of 126,748 and 98,780, respectively.

²¹ St. Catharines is the largest city by population, but the City of Niagara Falls is the largest by land area, at 209.71 square km.

Sudbury)						
Thunder Bay	108,359	121,596	89	328.24	2,556.37	13
Toronto ²²	2,615,060	5,583,064	47	630.21	5,905.71	11
Windsor	210,891	319,246	66	146.32	1,022.31	14
Provincial Average			68			24

Source: Statistics Canada 2012 b-e, 2012g-j, 2012m-p, 2012s-f2

By land area, London is in the middle of this group and Hamilton is among the largest municipalities in the province. Both cities contain a similar percentage of the population of their surrounding CMA, and are slightly higher than the provincial average for this characteristic. The London CMA is more geographically fragmented than the Hamilton CMA, but it is not the most geographically fragmented CMA in the province. No CMA in Ontario comes close to the level of fragmentation that exists in most metropolitan areas in the United States.

3.3. Functional Jurisdiction – Service Delivery

Consolidationists argue that a single general purpose government is best suited to coordinate service delivery over a metropolitan area. Polycentrists on the other hand, argue for a more fragmented system on the basis that economies of scale and citizen preferences vary according to the service in question. Single-tier municipalities in Ontario are responsible for a wide range of functions. Under the Municipal Act, municipalities in Ontario have been granted broad authority over 11 spheres of jurisdiction, but municipalities also provide services beyond these eleven spheres, and some spheres encompass more than one service. Table 3.4 outlines the suite of local government services (except for education) that are delivered in the City of London and the City of Hamilton, either through a municipal department (MD), a special purpose body (SPB), contracting with a private company (PC), service agreements with other municipalities (SA), or

²² The Toronto CMA includes a number of cities such as Mississauga, Brampton, Markham, and Pickering.

in partnership with the province or the federal government. Services that fall directly under the eleven spheres are in italics. The areas where the cities differ in service delivery are in bold.

Table 3.4 Service Delivery in London and Hamilton

Function	London	Hamilton
Airports	SPB (with federal and provincial reps)	PC (under contract with the City)
<i>Animal Control</i>	MD/PC	MD
Building Regulation	MD	MD
Cemeteries	MD (Only one active municipal cemetery)	MD (19 active municipal cemeteries)
<i>Culture and Heritage</i>	MD/SPB	MD/SPB
<i>Drainage and Flood Control</i>	MD/SPB	MD/SPB
Downtown Revitalization	MD/SPB	MD/SPB
<i>Economic Development</i>	MD/SPB	MD
Emergency Planning and Preparedness	MD	MD
Fire Protection	MD	MD
Harbours (Ports)	N/A	SPB
Land-Ambulance Services	SA/SPB	MD
Land-use Planning and Regulation	MD/SPB	MD/SPB
<i>Licensing of Businesses</i>	MD	MD
<i>Parking</i>	MD	MD
<i>Parks and Recreation</i>	MD/SPB	MD/SPB
Policing	SPB	SPB
Property Assessment	SPB (funded by all municipalities in Ontario)	SPB (funded by all municipalities in Ontario)
Public Health	SPB	MD
Public Libraries	SPB	SPB
<i>Public Transit</i>	SPB	MD
Public Utilities	SPB	SPB
Regulation of Noise	MD	MD
Regulation of Taxis	MD	MD
<i>Roads</i>	MD	MD
Senior's residences	MD	MD
<i>Sewage Collection and Treatment</i>	MD	MD (PC until 2004)*
Social Services (Child Care,	MD/SA/SPB	MD/SPB

Ontario Works, Housing)		
Storm Water Management	MD/SPB	MD/SPB
<i>Structures, including Fences and Signs</i>	MD	MD
Tourism Promotion	SPB	MD (with advisory board)
<i>Waste Management</i>	MD/PC	MD/PC
<i>Water Distribution</i>	MD	MD (PC until 2004)*
<i>Water Production, Treatment, and Storage</i>	SPB/PC	MD (PC until 2004)

*Explained under Water Production, Treatment, and Storage

In total, the table lists 34 services. A cursory look at the table shows that there are there are eight separate services for which service delivery is more fragmented in London than in Hamilton.

These include: animal control, economic development, land ambulance services, public health, public transit, social services, tourism promotion, and water production, treatment, and storage.²³

All are important municipal services. The one anomaly is with respect to ports: Hamilton has one while London does not. Some of London's functional fragmentation is due to its status as a separate city, flanked on three sides by Middlesex County. However, services such as animal control, economic development, and public transit are delivered exclusively to residents of the

²³ Five of these eight services were delivered by special purpose bodies during the study period. These were: economic development, public health, public transit, tourism promotion, and water production, treatment, and storage. The remainder were delivered by private contractors, or by a combination of different agencies. Some has been said about the decision to make comparisons for public health, economic development, and watershed management above, but not much about why these policy areas as opposed to others. Again public health was selected because health units must deliver the same provincially mandated programs regardless of structure, and they are all funded the same way. This facilitates comparison on financial and service quality indicators. It would have been much more difficult to make this comparison in a policy area like water production, treatment, and storage, especially since Hamilton experienced a major structural change in this policy area during the study period. Economic development was selected as an example of a policy area where the boundaries of the municipality and the specialized agency are concurrent. It is also a developmental policy area, whereas public health and watershed management are allocational. The boundaries are also concurrent for transit and tourism promotion, but tourism is discussed in the context of economic development, and Frisken (1991) and Kitchen (1992) have already done some work on specialized transit agencies. Economic development is also an area where private interests are considered to be very influential, so whether or not this influence is strengthened or reduced as a result of specialization is an important and interesting question. Finally, conservation authorities are responsible for watershed management in both London and Hamilton, but because the geographical reach of the main conservation authority in each city is so different, this policy area allows for a clear test of the hypothesis that board composition matters for policy implementation. A similar comparison is possible for public housing, but there is less variation in terms of board composition in this policy area.

City. In Hamilton, all three of these services are delivered by municipal departments. Differences between the two cities are also supported by financial data regarding the size of the two administrations. In 2011, the City of London spent \$1003.72 per capita annually on staff salaries and benefits (City of London 2011b, E.39; Statistics Canada 2012q). The City of Hamilton spent \$1202.78 (City of Hamilton 2011b, 2-37; Statistics Canada 2012k).²⁴ Service delivery through any mechanism that is not a municipal department is explained below.

Airports

In the 1990s, the federal government made major changes to Canada's airport system. The National Airports Policy (NAP) saw the federal government's role change from that of owner and operator, to owner and landlord for the 26 airports that are part of the National Airports System (NAS). These airports are leased to and operated by local airport authorities. Airport authorities are not-for-profit corporations, governed by a board of directors. Board members are appointed by the federal government, the province, municipalities, and other local organizations. The airports included in the NAS are those in provincial capitals and those serving more than 200,000 passengers annually (Transport Canada 2010). The Greater London International Airport meets the latter criterion. The board of directors for the London Airport is made up of appointees nominated by the federal government, the provincial government, the City of London, the London Chamber of Commerce, and the board itself (London International Airport 2012).

The NAP grouped the remaining airports into four other categories: regional and local airports, small airports, remote airports, and arctic airports. The relationship with the federal government is different for all of these groups. The John C. Monroe Hamilton International Airport is classified as a regional and local airport. Under the NAP, the federal government

²⁴ 2011 figures were used because the latest census was taken in this year. Annual population estimates, which are more accurate, are available from Statistics Canada for Hamilton because it is a census division. However, London is a census subdivision, for which annual estimates are not made available.

transferred ownership of regional and local airports to local operators (Transport Canada 2010). In Hamilton, the municipality assumed ownership of the airport. The airport is managed and operated by Tradeport International Corporation Limited through a contract with the City (Hamilton International Airport n.d.).

Animal Control

In London, animal control and by-law enforcement are provided under contract by the London Animal Control Centre, a private corporation. However, barking dogs fall under the City's Noise By-law, which is enforced by City enforcement officers (City of London 2012b). In Hamilton, these services are provided by Animal Services which operates as part of the Parking and By-law Services Division of the Department of Planning and Economic Development (City of Hamilton 2012c).

Culture and Heritage

Culture and heritage is a broad service category which a number of agencies are involved in both municipalities. In London, major changes were undertaken in this area in 2004, beginning with the formation of the Creative City Task Force. This ultimately led to the establishment of the City of London Culture Office, as part of the City Manager's Office, and the London Heritage Council. The already established London Arts Council was granted extra funding (City of London 2012c). The London Heritage Council serves as an umbrella organization for many of the cultural organizations in the City. It is governed by a nine-member board of directors and receives financial support from the City of London, the province, and the federal government. A City-owned corporation also operates the City's museums – Museum London and Eldon House. The City appoints one councillor to the 15-member board of directors and provides just over half of its approximately \$3 million annual budget (Museum London 2010, 2011). The Community

Services Department provides funding for special events and festivals and for other cultural institutions that operate independently from the City, such as the London Regional Children's Museum and Fanshawe Pioneer Village (City of London 2005d, 13). The City also owns Budweiser Gardens (formerly the John Labatt Centre), an arena and concert venue, Centennial Hall (a smaller concert facility), London Convention Centre, and the Covent Garden Market (a farmer's market and cultural centre). All four are located downtown. The John Labatt Centre and Centennial Hall are operated by private management companies. The Convention Center is governed by a 12-member board of directors appointed by the City, which includes three municipal councillors and the city manager (London Convention Centre 2012). The Covent Garden Market's nine-member board is appointed by the City and includes two councillors (City of London 2010a).

At the time of writing, Hamilton is in the process of updating its Cultural Policy and Plan, which was first enacted in 2004. The City of Hamilton has a Culture Division which is part of the Community Services Department. The Culture Division oversees special events and operates Hamilton's civic museums, which include the Hamilton Children's Museum, the Military Museum and six National Historic Sites. The Arts Advisory Commission and the Hamilton Historical Board advise council on the city's art community and heritage matters (City of Hamilton 2012e). The Art Gallery of Hamilton, a registered charity, receives financial support from the City, the province, and the federal government. Two municipal councillors sit on its 18-member board (Art Gallery of Hamilton 2010). Hamilton Entertainment and Convention Facilities Incorporated (HECFI) oversees the City's sporting and entertainment venues including Copps Coliseum, Hamilton Place, the Hamilton Convention Centre, and the Molson Canadian Studio. Governed by an independent board since its creation in 1985, council recently assumed

governance responsibilities. This move was brought on in part by the release of a report critical of the agency's management (Nolan and Van Dongen 2011). Management companies have also since been contracted to operate Copps Coliseum, Hamilton Place, and the Convention Centre (Reilly 2013).

Drainage and Flood Control

In both cities, municipal departments are the lead agencies with respect to drainage. In areas regulated by the conservation authorities, they have some responsibilities as well. Conservation authorities (CAs) are the lead agencies for flood control. Their role will be explained more fully in Chapter Six.

Downtown Revitalization

This has been a priority of both cities of throughout the past few decades. In London, the Planning and Development Department is the primary municipal department concerned with downtown revitalization. There are also two autonomous agencies involved in downtown revitalization. These are the London Downtown Business Association and Main Street London. The boards of these two agencies are supported by the same staff, but they have different mandates. The LBDA concerns itself with supporting existing businesses, while Main Street London seeks to attract new businesses to the downtown. The LBDA is a business improvement area (BIA). The City collects a levy on LBDA members on its behalf, which is then transferred to the LBDA. Both the LBDA and the City provide funding to Main Street London. The City appoints a councillor and staff member to both of the 15-member boards (Downtown London n.d.). The Old East Village BIA operates in an area to the east of the downtown core and concerns itself with the revitalization of a commercial corridor there. It is funded in a similar manner to the LBDA but has also partnered with the City, the federal government, and

community-based agencies to implement a number of housing and employment programs. It is governed by a 15-member management board made up mostly of local merchants, but the board does include one councillor and one representative each from the Planning Department and London Police Services (Old East Village BIA 2011).

In Hamilton, the Urban Renewal Section of the Planning and Economic Development Department is the lead agency for downtown revitalization. It also coordinates the city's 13 BIAs. Located in the central city and in the downtowns of the former lower-tier municipalities, each BIA is governed by a management board, which includes local merchants and property owners and at least one councillor. Members are taxed a special levy, collected by the City, which funds the activities of the BIA. These include physical improvements, promotion and event sponsorship (City of Hamilton 2012g).

Economic Development

Closely linked to downtown revitalization is economic development. In London, the London Economic Development Corporation (LEDC) is the City's primary economic development agency. The LEDC's work focuses on business attraction and retention, for which it receives funding from the City. The City's representation on LEDC's 14-member board has been reduced over the years. The City used to appoint five members of the LEDC's board (City of London 2005c). The mayor is now council's only representative and the city manager is an ex-officio member with no voting rights. While the LEDC is the lead, the City is still involved in economic development. For example, while the LEDC markets City-owned industrial land, the City of London's Realty Services Division is charged with acquiring and selling these properties (City of London 2012e).

In Hamilton, economic development services are provided through the Economic Development Division of the Planning and Economic Development Department. For a brief period an advisory committee named the Jobs Prosperity Collaborative was charged with helping to promote the City and advise council on its economic development strategy. It was dissolved in 2011. Differences between London and Hamilton in this area will be explored more fully in Chapter Five.

Harbours²⁵

The Hamilton Port Authority was established on May 1, 2001 under the Canadian Marine Act. It is one of 17 Canadian Port Authorities, which are all mandated to be financially self-sufficient (Sancton 2011; Hamilton Port Authority 2012b). The Port Authority's seven-member board is made up of one federal, one provincial, one municipal, and four user representatives; none of whom are elected politicians (Hamilton Port Authority 2012a). The board oversees the management and operations of the Port of Hamilton, which is Canada's largest Great Lakes port.

Land Ambulance Services

Under the provincial Ambulance Act, the Ministry of Health and Long-Term Care designates consolidated municipal service managers (CMSM) to provide land ambulance services for specific areas. Middlesex County is the CMSM for land ambulance services for Middlesex County and the City of London. The County has administrative and planning responsibilities for land ambulance services but there is a Land Ambulance Municipal Service Agreement between the City and County. As part of this agreement, an oversight committee made up of staff from the City, the County, and the regional base hospital provides high-level policy direction and reports to City and County councils on matters such as budget requests and contracts with third

²⁵ There are no ports within the jurisdiction of the City of London. The Thames River runs through the City but it is non-navigable.

parties (County of Middlesex and City of London 2006). Until August 2011, Thames Emergency Medical Services was contracted as the emergency ambulance provider. Since then a service commission model has been in place. The newly formed Middlesex-London Emergency Medical Authority (MLEMA) is an arms-length body of the County. The County CAO, warden, and a County councillor serve as chair, vice-chair, and secretary treasurer, respectively (MLEMA 2012). The Ministry of Health funds 50 percent of approved operating costs, as it does province-wide. The City and the County are responsible for the other 50 percent which is divided based on a weighted assessment. London's current assessment ratio is around 85 percent. In 2011, the City's contribution was over \$10 million. The County's was approximately \$1.8 million (County of Middlesex 2012).

As a former regional government, the amalgamated City of Hamilton has full functional responsibility for all consolidated municipal services. Land ambulance services are provided through Emergency Medical Services, a division of Hamilton's Emergency Services Department (City of Hamilton 2012f).

Land-Use Planning and Regulation

In both municipalities, municipal departments have primary responsibility for land-use planning. However, as will be discussed in more detail in Chapter Six, conservation authorities (CAs) do have considerable authority in the areas for which they have regulatory responsibility. There are three CAs with jurisdiction that covers a portion of the City of London, and four in Hamilton. However, Hamilton has stronger representation on the board of the CA with the largest jurisdiction in the city, the Hamilton Conservation Authority (HCA), as compared with London's representation on the Upper Thames River Conservation Authority (UTRCA), the largest CA there. The Niagara Escarpment Commission, a provincial agency, also has jurisdiction over the

Niagara Escarpment, a UNESCO World Biosphere Reserve, which runs through Hamilton. The Escarpment is protected by the provincial Greenbelt Act, 2005. The planning policies of the NEC are the policies of the Greenbelt plan for the Niagara Escarpment (NEC 2012, 8).

Parks and Recreation

Again, parks and recreation are primarily municipal functions in both municipalities, but CAs are involved as well. CAs own and operate conservation areas and also manage some city-owned parks and natural areas. In London, the UTRCA manages the City's seven publically owned Environmentally Significant Areas. In Hamilton, the HCA manages Confederation Park and Westfield Heritage Village on behalf of the City.

Policing

In Ontario, all municipal police services must be governed by a police service board. The size of the board varies based on the population of the municipality: boards may consist of three, five or seven members. In all cases, the board consists of municipal, provincial, and community representatives. The London Police Service Board has five members, consisting of two provincial appointees, the mayor, one councillor, and one citizen representative (London Police Service 2008). The Hamilton Police Service Board has seven members; three provincial appointees, the mayor and two councillors, and one citizen appointee (Hamilton Police Services 2012).

The responsibilities of police service boards are laid out in section 31 of the Police Services Act. They include, "generally, determine, after consultation with the chief of police, objectives and priorities with respect to police services in the municipality" and "direct the chief of police and monitor his or her performance" (Police Services Act. 1990. R.S.O. 1990, c. P.15). Police service boards also set their own budget and levy municipalities accordingly. Tensions

have been growing across the province between police service boards and municipalities over policing costs (Mehler Paperny 2012). London and Hamilton are no exception. In recent years, both cities have sent budget submissions back to their respective police service boards asking for further cuts (O'Reilly 2011; Carruthers 2012). Municipal councils can also appeal the budget requests of police service boards to the Ontario Civilian Commissioner on Police Services, whose decision is final (Sancton 2011, 45).

Property Assessment

Property assessment throughout the province of Ontario is undertaken by the Municipal Property Assessment Corporation (MPAC). MPAC is a not-for-profit corporation funded by all municipalities in Ontario. It has a 15-member board of directors with eight municipal representatives, five property taxpayer representatives, and two provincial representatives. All appointments to the board are made through the Ontario Ministry of Finance. MPAC administers a province-wide current value system. Individual municipalities are responsible for setting property tax rates (MPAC 2012).

Public Health

The Middlesex-London Health Unit delivers public health services to the City of London and Middlesex County. The board is made up of five provincial appointees, three County representatives, and three City of London representatives. London's contingent on the board is made up of three councillors (until recently it was two councillors and one community representative). In Hamilton Public Health Services is responsible for public health and council serves as the board of health. Public health costs are shared between the province and member municipalities. The province contributes approximately 75 percent of mandatory program costs. Much more will be written about public health in the following chapter.

Public Libraries

Public libraries in Ontario are governed by library boards. These boards are established under the Public Libraries Act and are made up of municipally appointed members. Municipalities provide most of the funding for public libraries but councillors cannot hold a majority of the seats on the board. Indeed, one of the reasons library boards were originally established was to ensure that decisions over which books to include in collections were not motivated by political considerations (Sancton 2011, 49). The London Public Library board has nine members. Currently two municipal councillors sit on the board, and there is also one representative each from the region's public and Catholic school boards (London Public Library 2011). The Hamilton Public Library Board has eleven members, two of whom are municipal councillors (Hamilton Public Library n.d.).

Public Transit

In London, public transit is provided by the London Transit Commission (LTC). The LTC is incorporated through the City's authority under the City of London Act and is responsible for the operation and management of the City's bus system. It has a five-member board and at council's discretion either two or three councillors are appointed to the commission. Currently, two councillors sit as commissioners. Ridership accounts for over half of the LTC's revenues for its conventional transit services. The City contributes around 35 percent and the province accounts for most of the remainder. The LTC's specialized transit service for disabled persons relies more heavily on City funding (LTC 2012, 4-5).

Despite its name, the Hamilton Street Railway Company (HSR) operates within the Transit Division of Hamilton's Public Works Department. And although plans are in the works for a light rail system, the HSR's current fleet is limited to buses (IBI 2010, 45). The HSR has a

similar funding structure to the LTC. It delivers both conventional and specialized transit services and ridership accounts for approximately 50 percent of revenues (IBI 2010, 12).

Public Utilities

The Energy Competition Act, 1998 requires that municipal electricity distribution systems in Ontario be owned and operated by corporations established through the Ontario Business Corporations Act (Sancton 2011, 52). Electricity in London is provided by London Hydro. The City of London is its sole shareholder and appoints all board members. However, only the mayor serves on the board (London Hydro 2012).

In Hamilton, electricity is provided by Horizon Utilities, which is jointly owned by the Hamilton Utilities Corporation and St. Catharines Hydro Incorporated. The two municipally owned corporations were merged in 2005, with Hamilton taking on a 79 percent ownership share. No municipal councillors serve on Horizon's board; however, the mayor of Hamilton serves on the eight-member board of the Hamilton Utilities Corporation (Hamilton Utilities Corporation n.d.).

Social Services

Child care, Ontario Works, and social housing are grouped together under the heading of social services because London is the Consolidated Municipal Service Manager for all three services for the City of London and Middlesex County. In Hamilton, all three services are delivered by the Community Services Department. The City of London and the County of Middlesex have service agreements for all three of these services, which have now all expired. The social housing agreement has a continuation clause and the City and County have proceeded as if this were the case for child care and Ontario Works (City of London 2012f).

Social housing is administered in much the same way as land ambulance services. The City and the County have a joint management committee made up of senior staff that provides high level governance, reports to both councils for approval of budgets and major policy changes and approves contracts with third parties. Costs are shared based on weighted assessment. The County pays approximately 15 percent with the City funding the remainder (Ibid). Subsidized housing is provided by the London and Middlesex Housing Corporation (LMHC). The LMHC is a non-profit corporation governed by a seven-member board, appointed by the City of London. Two City of London councillors and one Middlesex County councillor sit on the board (LMHC 2011).

As the service manager for Ontario Works and the child-care fee-subsidy program, the City of London contracts out the delivery of these services to the County within its boundaries. The London-Middlesex service area is the only service area in the province where this takes place. The province now funds more than 80 percent of Ontario Works costs (the province intends to completely upload the costs of Ontario Works by 2018); remaining costs are by the shared by London and Middlesex, based on caseload. Citing potential cost savings, City staff have recently recommended that the service agreement not be renewed, that contracting with the County be discontinued, and that the City directly administer these programs for the entire service area (City of London 2012f).

As mentioned above, in Hamilton all three of these services are delivered under the auspices of the Community Services Department. Subsidized housing is provided by City Housing Hamilton. City Housing Hamilton is a non-profit corporation like the LMHC; however, it is managed by City staff and the five out of ten board members are City councillors (City of

Hamilton 2012d). Administration of Ontario Works and the child-care subsidy program is directly incorporated into the departmental structure.

Stormwater Management

Stormwater Management is primarily the responsibility of the Planning, Environmental, and Engineering Services Department in London and the Water and Wastewater Division of the Public Works Department in Hamilton. Conservation authorities have regulatory authority over stormwater management in flood plains and other regulated areas. This will be explained in greater detail in Chapter Six.

Tourism Promotion

In London, Tourism London is the lead agency for tourism promotion. Tourism London is a membership-based non-profit organization, charged with marketing the City of London as a destination for travel, meetings, conventions, and large sporting events. Tourism London has a 20-member, sector-based board of directors, which includes three City of London appointees. Currently two councillors and the general manager of the London Convention Centre sit on the board. City of London funding represents nearly 90 percent of Tourism London's revenue. The rest comes from membership fees and the province (City of London 2012a).

Tourism Hamilton provides the same suite of tourism promotion services in Hamilton. During the study period, Tourism Hamilton was a division with the Economic Development Department and later the Planning and Economic Development Department. But it also had its own advisory board in order to provide a link to the local tourism industry and to seek out private sources of funding. This 14-member board included 10 tourism industry representatives, three councillors, and one member from Hamilton Entertainment and Convention Facilities Incorporated. It was dissolved in 2011 (Interview 26).

Waste Management

The delivery of waste management services in both municipalities is rather fragmented. In London, the Environmental and Engineering Services Department is the lead agency for waste management. In urban areas, garbage and yard waste (seasonally) are collected by City staff, but the City contracts out these services for the areas that were annexed in 1993. The City's landfill operations are primarily the responsibility of City staff but the operation of heavy equipment such as compactors and bulldozers is contracted-out. Recycling collection and processing is entirely contracted out, currently to Miller Waste Systems, but the recycling processing facility is owned by the City. The City collects household hazardous wastes from residents at specified drop-off locations but these are disposed of through programs such as Stewardship Ontario's Municipal Hazardous Waste Program (City of London 2012d).

In Hamilton, waste management services are provided by the Operations and Waste Management Division of the Department of Public Works. Green for Life Environmental Corporation collects garbage in Hamilton Mountain, Stoney Creek, Glanbrook and Ancaster, while City staff collect garbage for the rest of the city. The City owns the landfill but its operation is contracted-out to Waste Management Canada. Recycling is collected city-wide by Green for Life Environmental Corporation. Canada Fibres Ltd., processes recycling at the City owned recycling facility, and BFI Canada collects recyclables at the City's three Community Recycling Centres. Hamilton also has a composting program. Organic waste is collected by both the City and Green for Life Environmental Corporation according to the same division of labour as garbage collection. The City owns the composting facility but it is operated by AIM Environmental. Yard waste is collected seasonally and in the same manner as garbage and organic waste. Yard waste is processed separately from organic waste next to the City's Landfill.

Hazardous waste is collected at the City's Community Recycling Centres by Hotz Environmental Services Incorporated (City of Hamilton 2012a, 2012j).

Water Production, Treatment, and Storage

Water is brought to the City of London through two separate water systems, one originating in Lake Huron, and the other originating in Lake Erie. The water is treated at facilities located near both intake points and then pumped along transmission pipelines to the City of London. A number of municipalities located along the pipeline routes also receive their water from these systems. The Lake Huron Water Supply System supplies water to the municipalities of Bluewater, South Huron, Lambton Shores, North Middlesex, Lucan-Biddulph, Middlesex Centre, Strathroy-Caradoc, and London. The Elgin Area Water Supply System supplies water to Aylmer, Bayham, Central Elgin, Malahide, St. Thomas, Southwold, and London. These municipalities then distribute the water to customers within their jurisdiction. Each system is governed by a management board made up of councillors from the municipalities it supplies. Weighted voting is applied based on usage so that London has approximately 59 percent of the votes on the Lake Huron Board and 43 percent of the votes on the Elgin Area Board (Elgin Area Primary Water Supply System 2011, 16; Lake Huron Primary Water Supply System 2011, 17). The City of London also provides the administrative staff for both systems. For the last decade, both systems were operated under contract by American Water Canada, but the Ontario Clean Water Agency – a provincial agency – was awarded the most recent five-year contract in January 2012 (Lake Huron and Elgin Area Primary Water Supply Systems 2012). Both boards are funded by member municipalities which pay a base rate and infrastructure charge per cubic metre of water supplied. New members must also pay a capacity buy-in charge (Elgin Area Primary Water Supply System 2011, 19; Lake Huron Primary Water Supply System 2011, 19).

Portions of the Lake Huron pipeline burst in 2010 and 2012, leaving affected municipalities without water and damaging farmers' fields. These incidents have led some lower-tier politicians and county residents to question the slow pace at which portions of the pipeline have been twinned. Twinning would allow the water to continue to flow if there is a break in one of the pipelines (Van Brenk and Miner 2010; Dubinsky 2012, A2).

From 1994 to 2004 Hamilton's water and wastewater treatments plants, pumping stations, and reservoir were operated by private companies under contract with the City. Although it was a single 10 year contract, it was held by three different companies as a result of a number of corporate takeovers. The last company to hold the contract was American Water, the same company which operated the Lake Huron and Elgin Area Water Systems. The original proposal to operate Hamilton's water and wastewater system was unsolicited, but was ultimately accepted by the regional government. At that time, Hamilton was experiencing a number of economic challenges, and the region's water and wastewater system was having difficulties meeting provincial regulations. The proponent, Phillips Utilities Management Company, promised substantial annual savings and a number of related economic spin-offs, such as the location of the company's head offices in Hamilton and partnerships with McMaster University and Mohawk College. Although the private operators experienced their own challenges and not all of the promises included in the original contract were fulfilled, a divided council voted to continue with private operation after the contract expired in 2004. However, the request for proposal process was unsuccessful and the City eventually decided to bring the services back under complete municipal control (Ohemeng and Grant 2008). Water and wastewater services are now delivered by the Environment and Sustainable Infrastructure Division of Hamilton's Public Works Department.

In sum, more services are delivered through special purpose bodies, contracts with independent operators, and service agreements in London than in Hamilton. Hamilton has greater control over its airport but this is due to federal rather than municipal decision making. Hamilton also has a Port Authority. In other areas, where both municipalities employ alternative service delivery mechanisms, such as culture and heritage and downtown revitalization, the City of Hamilton seems to retain greater control as well. Hamilton has less control over hydro distribution as the result of a merger with a neighbouring public utility, and waste management is more complicated, partly because Hamilton has a composting program while London does not. Hamilton also has one more conservation authority with authority within its jurisdiction. These are the only comparable services for which service delivery is more fragmented in Hamilton than in London, and only by a small degree.

Intra-Provincial Comparisons

This chapter makes the case that service delivery is more fragmented in London than in Hamilton. The intent is to place the two cities along a continuum, and not to argue that London is the most fragmented municipality in Ontario and that Hamilton is the most consolidated. However, before moving on to the case studies, service delivery in London and Hamilton will be compared to the major cities from Ontario's thirteen other CMAs for public health and economic development – the two services for which municipal departments and special purpose bodies will be directly compared in this paper. Although a full-scale provincial comparison of all services is beyond the scope of this project, the more limited comparison made in Table 3.5 below, will at least give a sense of how these two services are delivered in other major cities across the province.

Table 3.5 Public Health and Economic Development Service Delivery Structures

City	Type of Municipality	Public Health	Economic Development
Barrie	Single-tier – separate city	SPB	MD
Brantford	Single-tier – separate city	SPB	MD
Guelph	Single-tier – separate city	SPB	MD
Kingston	Single-tier – separate city	SPB	SPB
Kitchener	Lower-tier – regional government	MD (regional department)	MD
Oshawa	Lower-tier – regional government	MD (regional department)	MD
Ottawa	Single Tier	Semi-autonomous*	SPB
Peterborough	Single Tier – separate City	SPB	SPB
St. Catharines	Lower-tier – regional government	MD(regional department)	MD
Sudbury (Greater Sudbury)	Single-tier	SPB	SPB
Thunder Bay	Single-tier	SPB	SPB
Toronto	Single-tier	Semi-autonomous*	MD/SPB
Windsor	Single-tier – separate city	SPB	SPB

Source: Ontario Ministry of Health and Long-Term Care 2009, 11; Ontario Ministry of Municipal Affairs and Housing 2012; municipal and economic development corporation websites

*Semi-autonomous boards are made up of members appointed by council, and include citizen representatives but no provincial appointees. Staff are municipal employees, and council has budgetary approval authority.

As the table illustrates, special purpose bodies deliver both public health and economic development services in Kingston, Peterborough, Sudbury, Thunder Bay, and Windsor.

Kingston, Peterborough, and Windsor are all separate cities, like London. The health units in all three cities encompass the city and the surrounding county. The same is true for the economic development corporations in Peterborough and Windsor.

Sudbury and Thunder Bay are located in northern Ontario. All municipalities in northern Ontario are single-tier, and most are grouped into districts, which unlike the counties of southern Ontario are not municipalities. The City of Greater Sudbury is a consolidated municipality, much

like Hamilton; however, the health unit is autonomous and also includes the districts of Sudbury and Manitoulin. The Thunder Bay District Board of Health serves the City of Thunder Bay and the Thunder Bay District.

Hamilton is the only city where both services are delivered solely by single-tier municipal departments. Public Health services are delivered by regional departments in Kitchener, Oshawa and St. Catharines, where regional council serves as the board of health. Thus, while public health and economic development services are delivered similar to London in other separated cities and cities in northern Ontario, Hamilton is the only major city in Ontario where both are the responsibility of single-tier municipal departments.

Based on this limited comparison it appears as though Hamilton exerts more control over these municipal services in comparison with similar cities in Ontario. Again, a full-scale exploration of why this is the case is beyond the scope of this paper, but a few possible explanations seem apparent based on what has been presented in this and in previous chapters. The first is that Hamilton has gone through two separate waves of municipal restructuring. In the reports and research studies that accompanied these two restructurings, the consolidationist position held the day, and more polycentric alternatives were dismissed without much consideration. Special purpose bodies were to be brought into the municipal structure where possible, and made more accountable to council when not. The formation of the regional government and amalgamation in and of themselves also reduced the need for inter-municipal special purpose bodies. In London, the process leading up to annexation was primarily concerned with getting municipal boundaries right, rather than the structure of local service delivery. So, besides the elimination of two public utilities commissions, there were not many changes made to how services were actually delivered.

Another possibility is that councillors in Hamilton – with its company town mentality – have strong labour and union ties that would much rather see services delivered in-house by unionized employees, rather than through a private contractor or other public sector organization with weaker labour protections. However, when this issue was raised with two long-serving City of Hamilton councillors, it was noted that concerns regarding control and accountability are the main reasons for delivering services in-house (Interviews 14 and 22). While one offered that Hamilton is a union town and that union voices are at the table (Interview 14), past experiences with private service delivery and the challenges associated with controlling the quality and cost of these services through contracts or special purpose bodies were the strongest arguments put forward for service delivery through municipal departments (Interviews 14 and 23). Indeed, during the debate over whether the City should continue to deliver its water and wastewater operations through a private contractor, the public was in favour of a return to a municipal model. And a councillor, who continues to serve on council, argued in an interview that “the public model offered the most accountability where no one can walk away from their responsibilities” (quoted in Ohemeng and Grant 2008, 487). The differences between London and Hamilton and the reasons for them will be more fully explored in the individual case studies as well.

3.4. Conclusion

This chapter has outlined the structural differences between London and Hamilton and discussed how they came about. Neither London nor Hamilton is a perfect representation of the polycentrists’ or consolidationists’ ideal, in terms of either geography or service delivery. However, in comparison with Hamilton, the boundaries of the City of London cover a smaller proportion of the London CMA, there are more local governments, and service delivery is more

fragmented. While other separated cities in southern Ontario have similar service delivery structures for public health and economic development as London, Hamilton seems to be in a league of its own. London, nor any other city in Ontario, approaches the level of fragmentation that exists in the United States. The extent to which the differences between metropolitan areas in Ontario and the U.S. impact the transferability of the debate between polycentrists and consolidationsits will be the focus of much of the rest of this dissertation. Attention now shifts to public health, the first of three case studies presented in this paper. Economic development will follow. Watershed management is the final case study.

Chapter 4

Public Health

As discussed in Chapter Two, polycentrists and consolidationists emphasize similar outcomes, but disagree on the types of local government structures that are likely to achieve them. Using public health as a case study, this chapter compares two health units, the Middlesex-London Health Unit (MLHU) – which is a special purpose body – and Hamilton Public Health Services (HPHS) – which is a municipal department. This goal is to assess the differences between special purpose body and municipal service delivery for the variables of spending increases, staffing and administrative costs, efficiency, and effectiveness. In short, polycentrists argue that spending increases and staffing and administrative costs will be less for special purpose bodies than municipal departments, and that special purpose bodies deliver services and allocate resources more efficiently and effectively. Consolidationists argue the opposite. By including all four of these measures, this chapter will assess both the financial and service quality implications associated with structural variation.

Public health is an appropriate local government service for comparison, because health units – whether they are autonomous from municipal structures or integrated into them – must deliver the same suite of provincially mandated, cost-shared programs. The MLHU and the HPHS have also been grouped into the same peer group of health units based on similar social, demographic, and economic characteristics (see Ontario Ministry of Health and Long-Term Care 2009, 77-85).²⁶

²⁶ This is important as health units that are considerably smaller, or serve populations that are dispersed over a large area, have different cost drivers than health units that serve relatively urbanized areas. For example, in terms of population, the smallest health unit, Timaskaming Health Unit, serves approximately 40,000 residents, while Toronto Public Health, which is the largest, serves over 2.6 million. By geographic area, Toronto Public Health is

The chapter proceeds in five sections. The first provides background information on Ontario's public health system and the MLHU and HPHS. Again, the former is a special purpose body; the latter is a municipal department. In order to illustrate their varying degrees of autonomy, the relationships between the MLHU and the City of London, and HPHS and the City of Hamilton are also explained. The second compares board of health levy and cost-shared program funding growth with overall municipal budgetary growth. The third compares staffing costs and front-line and administrative staffing requirements. The fourth makes comparisons based on measures of efficiency and effectiveness. The fifth section concludes. The findings from this chapter are mixed, but they do seem to indicate that the more autonomous health unit, the MLHU, was better positioned to seize the opportunity presented by an increase in provincial funding that occurred during the study period.

4.1. Case Background

In general terms, public health is differentiated from the more visible medical health care system by its emphasis on the health of populations and the prevention of diseases rather than the treatment of individuals (Hancock 2002, 253; ALPHA 2010, 4). In most provinces, reforms have seen municipal responsibilities for public health transferred to regional health authorities with little or no accountability to local governments. Ontario is the only province where municipalities maintain a key role in the delivery of public health services (Hancock 2002, 263; Siegel 2009, 32).

In Ontario, the earliest public health measures were enacted in response to disease outbreaks that often accompanied immigrants from Europe. Ad hoc boards of health were formed to manage these epidemics, but they were not established permanently in Ontario until

actually the smallest health unit at 880 square km. The largest, the Porcupine Health Unit, covers 277,075 square km (Pasut 2007, 18).

the Public Health Act was passed in 1884. Permanent boards of health were able to move from a singular focus on specific epidemics to longer term issues, such as sewer construction and the provision of safe drinking water (Winfield 2012, 17). Gradually, these functions became the responsibility of other municipal departments, and boards of health began to concern themselves with the types of issues that they still manage today, such as food inspections, immunizations, maternal and child health, and family hygiene (Hancock 2002, 257). As boards of health began to take on these new responsibilities, the province began to play a larger role. Boards of health were made mandatory for cities and towns with populations of 40,000 or more and provincial oversight was strengthened. Some saw this as part of a larger trend in provincial-municipal relations that was undermining the autonomy of municipal councils (Crawford 1940).

In the 1940s, the province began to offer grants to encourage the creation of county-wide public health units through the consolidation of the public health services delivered by lower-tier municipalities. By the late 1960s, the province made the provision of full-time public health services mandatory for all organized municipalities and began encouraging the formation of multi-county health units in the hopes of achieving efficiencies and economies of scale (ALPHA 2010, 5). These moves raised further questions about the independence of health units. In a study prepared for the Ontario Committee on Taxation (the Smith Committee),²⁷ boards of health were characterized as part of the “crazy-quilt pattern” of local government that was undermining the clear division of functions between the province and its municipalities (Dupré 1967, 88).

In 1983, the Public Health Act was replaced by the Health Promotion and Protection Act (HPPA). This legislation re-affirmed the municipal role in the delivery of public health services, but also set out a list of mandatory programs to be provided at comparable levels by all health

²⁷ The Ontario Committee on Taxation (1963-1967), was appointed to study the province’s revenue and taxation system.

units across the province. In 1984, the province established the Mandatory Health Program and Service Guidelines (MHPSGs), which were revised in 1989 and 1997, and updated again in 2008 as the Ontario Public Health Standards (OPHS). Tables 4.1 and 4.2 below, list the mandatory program standards under the MHPSGs and the OPHS, respectively.

Table 4.1 Mandatory Health Program and Service Guidelines, 1997-2008

Standard	Sub-standards
Chronic Diseases and Injuries	Chronic Disease Prevention Early Detection of Cancer Injury Prevention Including Substance Abuse Prevention
Family Health	Sexual Health Reproductive Health Child Health
Infectious Diseases	Control of Infectious Diseases Food Safety Infection Control Rabies Control Safe Water Sexually Transmitted Diseases, including HIV/AIDS Tuberculosis Control Vaccine Preventable Diseases

Table 4.2 Ontario Public Health Standards, 2009-present

Standard	Sub-standards
Chronic Diseases and Injuries	Chronic Disease Prevention Prevention of Injury and Substance Abuse
Family Health	Reproductive Health Child Health
Infectious Diseases	Infectious Diseases Prevention and Control Rabies Prevention and Control Sexual Health, Sexually Transmitted Infections, and Blood-borne Infections Tuberculosis Prevention and Control Vaccine Preventable Diseases
Environmental Health	Food Safety Safe Water Health Hazard Prevention and Management
Emergency Preparedness	Public Health Emergency Preparedness

There are currently 36 public health units in Ontario. Governance structures vary, but in general, they can be divided into two categories: autonomous and integrated. Twenty-two are

autonomous, meaning that they operate as distinct local governments. The remaining 14 are integrated, meaning that they operate within the administrative structure of a municipality. The boards of autonomous health units are composed of both municipal and provincial appointees, whereas single-tier or regional councils serve as the board of health for most integrated health units (Pasut 2007, 16).²⁸ Each health unit is led by a medical officer of health (MOH), which is a specialist physician in public health. In integrated health units, the MOH is a municipal employee, and may report to the city manager or chief administrative officer regarding certain administrative functions, whereas the MOH in an autonomous health unit reports solely to the board of health.

Regardless of governance structure, the costs of delivering public health programs are shared between the province and member municipalities. Under the HPPA, contributing member municipalities are obligated to pay what the board of health deems necessary to defray the costs of delivering public health programs (this is the municipal levy, which is discussed below). But the provincial contribution to public health spending, which is based on what the minister considers appropriate, has varied considerably in recent years (Ibid, 45). Before 1997, the province funded 75 percent of the mandatory program budgets for most boards of health and municipalities funded the remaining 25 percent.²⁹ In 1996, the Social Services Sub-panel of the Who Does What panel³⁰ concluded that the province has the primary interest in public health and that public health services should be delivered by provincially appointed and funded boards of health (Crombie and Hopcroft 1996). However, this recommendation was never implemented. In

²⁸ Four integrated health units – Chatham-Kent, Huron, Lambton, and Toronto – have provincial appointees on their boards as well. But health unit staff are municipal employees and provincial appointees cannot outnumber municipal appointees (this latter characteristic applies for autonomous health units as well).

²⁹ The six boards of health in Metropolitan Toronto were the exception and received only 40 percent of their funding from the province.

³⁰ The Who Does What panel was tasked with advising the provincial government on service delivery reform in an attempt to reduce overlap and costs.

an abrupt turn, public health and many social services were downloaded to municipalities in 1997, with the province assuming more responsibility for education (see Graham and Phillips 1998). This total download of public health lasted until 1999, when the province moved to a 50/50 funding formula (Campbell 2004, 169). The 50/50 formula stayed in place until 2004. In 2005, the province began to phase in a return to its previous mandatory program contribution level of 75 percent. This increase in provincial funding was in response to the fallout from two public health emergencies – Walkerton and SARS – which called into question the capacity of the public health system.³¹ The province’s original plan was to reach the 75/25 split within three years, but it has since capped its annual increase. By 2011, only 17 health units (out of 36) had reached the 75/25 funding split for mandatory programs (MLHU 2012b). The province also fully funds a number of programs; these have also been increased since 2004.

Walkerton and SARS also raised important questions about the way public health services are delivered in Ontario. The reports released immediately following Walkerton and SARS made recommendations regarding the need for a degree of political independence for health units and their leadership. The Walkerton Inquiry focused its structural comments on the position of the MOH, recommending that legislation be enacted to require all vacant MOH positions be filled (O’Connor 2002, 263). The independence of the MOH position was seen by the Inquiry as a key component of health unit autonomy. The inability or reluctance of boards to hire a full-time MOH was viewed as problematic in this regard. The SARS Commission went further in its comments, arguing that MOHs must have political independence and that they should be separate from the municipal bureaucracy. As mentioned above, some health units are

³¹ In 2000, the contamination of the drinking water supply in Walkerton, a small community in southern Ontario, by a deadly strand of E. coli bacteria resulted in seven deaths and over 2,300 reported illnesses (O’Connor 2002, 2). In 2003, a global epidemic of Severe Acute Respiratory Syndrome (SARS) affected Ontario especially hard, resulting in 44 deaths and over 330 confirmed cases (Campbell 2006, 1).

integrated into municipal structures, much like any other municipal department, while others are more autonomous and have their own administrative structure. The Commission made the case for the latter, arguing that without full control over administrative and personnel decisions MOHs are limited in their ability to deliver the required public health services. In other words, “basic protection against disease should not have to compete for money with potholes and hockey arenas” (Campbell 2004, 18).

In 2004, the Ontario government embarked upon a three-year action plan to revitalize the public health system. As part of this process, the Capacity Review Committee (CRC) was tasked with reviewing the organization and capacity of local health units. The CRC also advocated for autonomous health units. According to the CRC, the benefits of autonomous boards of health include opportunities for both municipal and provincial representation, skills-based appointments, staggered recruitment, independence and direct lines of accountability for the MOH, and an explicit focus on public health. The CRC recommended that “public health units should be governed by autonomous, locally based boards of health. These boards should focus primarily on the delivery of public health programs and services” (CRC 2006, 30). In addition, the CRC also called for the consolidation of specific health units in order to increase organizational capacity. It proposed a reduction in the number of health units from 36 to 25 (Ibid, 38).

The Association of Ontario Municipalities (AMO), the peak organization for Ontario’s municipalities, took issue with these recommendations. It argued that under the current funding formula, municipalities are accountable and financially responsible for public health. Thus, discussions on appropriate governance structures need to take this into consideration. AMO maintained that a system-wide shift towards autonomous boards of health may actually

contribute to greater problems as municipalities would lose leverage over programs and services which they are required to fund; thereby increasing tensions between municipal councils and boards of health (AMO 2006, 6). Furthermore, AMO argued that a uniform approach to public health governance ignores the successes of integrated systems, which it claimed were working well in a number of municipalities (Ibid, 4). These criticisms are consistent with AMO's long-standing position that mandatory programs should be fully funded by the province, but until such a time, the "say-for-pay" principle must be maintained (Ibid, 8). To date, many of the CRC's recommendations have not been implemented.

As the preceding discussion hints, there is also variation among health units in terms of their ability to meet provincial guidelines. This has been a focus of many of the reports and commissions listed above, as well as the 2003 Annual Report of the Provincial Auditor General. Although not singling out specific health units, the Auditor General's report gives a fairly clear indication of the degree of variation that existed among Ontario's public health units. For example, in 2002, per capita spending on mandatory health programs and services ranged from \$23 to \$64 (Office of the Auditor General of Ontario 2003, 219). Moreover, the report makes it clear that a significant proportion of health units were not meeting the guidelines for programs and services such as food premise and tobacco vendor inspections, the immunization of school-aged children, and the surveillance of immigrants with inactive tuberculosis (Ibid). And that the province was not routinely monitoring health unit performance. When the Auditor General revisited public health in its 2005 report, there was some indication that provincial oversight was increasing (Office of the Auditor General of Ontario 2005). However, at that time, these initiatives were still in the process of being rolled-out.

The OPHS, which came into effect on January 1, 2009, are more detailed in their requirements than the MHPSGs were, with specific protocols developed to accompany many of the requirements. Since 2010, the province has also negotiated annual accountability agreements with each board of health. These are legal agreements, between the Ministry of Health and Long Term Care (MOHLTC) and boards of health, which set out the duties and obligations of the boards with respect to the HPPA and the OPHS. These accountability agreements formalize some of the provincial reporting requirements, and a number of interviewees were under the impression that, in the future, funding may be more closely scrutinized based on how well health units are doing in terms of meeting performance indicators (Interviews 15, 16, 17, 18, and 19). The measures developed for this chapter are intended to compare autonomous and integrated health units in the areas of funding and performance. But first, some background information on the MLHU and HPHS and their relationships with the City of London and the City of Hamilton, respectively.

The Middlesex-London Health Unit (MLHU)

The MLHU provides public health services to Middlesex County and the City of London, serving a population of approximately 460,000 people, covering 3,317 square kilometers. The main office and one satellite office are located in London and there is a sub-office in Strathroy-Caradoc – a lower-tier municipality in the County of Middlesex. Its administrative structure is completely separate from both the City and the County, and there are approximately 193 full-time equivalents (FTEs) on staff. The board of health for the MLHU has 11 members. Five are appointed by the province, three are appointed by the County and three are appointed by the City of London. In 2010, the MLHU's total operating budget was \$30,916,212. The province paid for approximately 75 percent of the MLHU's total operating budget and the City of London and

Middlesex County contributed most of the remainder. London's contribution represents about 20 percent of the MLHU's total budget, and the County's contribution accounts for approximately four percent. Most of the MLHU's programs are cost-shared; however, certain programs such as Smoke-Free Ontario, tykeTalk, infectious disease control, blind low-vision programs, bed bugs awareness, and Healthy Babies, Healthy Children are fully funded by the province. The federal government also fully funds a prenatal nutrition and support program delivered by the MLHU (MLHU 2011a, 2011c).

Relationship between the MLHU and the City of London

Despite being autonomous from municipal control, there is considerable overlap between the MLHU and the City of London, in terms of both geography and functions. The relationship between the City and the MLHU was described as good by most interviewees (Interviews 16, 17, 18, 21, and 23). However, most also noted that there has been tension surrounding the budget in recent years (Interviews 16, 17, 18, 20, 21, and 23). Beginning first with the more positive aspects, most interviewees were pleased with the operational side of the relationship. Examples include productive relationships between City and MLHU staff around emergency management, drinking water inspections, inspections of municipal pools and splash pads, inspections of new food premises, methadone clinics, healthy living initiatives, and the development and enforcement of smoking by-laws (Interviews 16 and 18). At the political level, however, there was mention of tension surrounding some issues, such as a smoking by-law for bars and restaurants, water fluoridation, bottled water, and cosmetic pesticides (Interviews 20 and 21).

The MLHU's autonomy from municipal control was also described in favourable terms by most. MLHU staff argued that because the MLHU board is autonomous from municipal control, board members become more fully engaged and are interested in all aspects of the health

unit – not only finances, but programs, service levels, and staffing issues as well (Interviews 20 and 21). One staff member with experience at an integrated health unit noted that in integrated health units, “the elected officials are primarily concerned with financial matters and budget control” (Interview 18).

Similar sentiments were expressed by most in reference to the autonomy of the MOH position. At the MLHU, the MOH reports directly to the board. Thus, the MOH can bring recommendations to the board, and carry out the board’s direction without having to go through a city manager. This was described as a significant advantage (Interviews 18 and 20). It was also noted that the independence of the MOH is better protected when boards are autonomous.

As one MLHU staff member explained:

For the really tough hard issues, the legislation is created in a way that they [medical officers of health] hold a lot of power and have the ability to make a lot of things happen, if the need is there. But on the sort of so called softer public health programs, the keen insight that a MOH has on how those kinds of things impact public health and how important they are... politicians on the board would be quicker to sacrifice some public health programs that don’t appear to be that important in order to achieve the other goals that they have, which are legitimate goals. The MOH on the other hand, probably has a better insight into why that might be short-sighted in a lot of cases. (Interview 16)

A City of London politician with no board experience was less certain of the benefits of an independent MOH. While stressing that the MLHU should remain at arm’s length from council, this interviewee argued that the head administrator of the MLHU does not necessarily need to be a medical doctor, but instead could fill a position similar to that of a hospital administrator, which could be brought into the City if need be (Interview 21).

As mentioned above, the independence of the MLHU board and the MOH has also caused some tension between the MLHU and the City in recent years. This is primarily the result of funding pressures due to funding caps imposed by the province (Interviews 16, 17, 18, 20, 21,

and 23). Nevertheless, MLHU staff argued that the ability of the board of health to hold its ground on budget issues is one of the biggest benefits of having an autonomous board of health (Interview 16). A former City of London politician with board experience agreed:

The budget wasn't as political as it might have been had it been integrated into the City budget. In the budget sphere at the City, everything is political. Therefore, if the budget of the health unit would have been under the jurisdiction of the City, the entire work of the health unit would have become political, which is not good for the health of the community, not good for the work of the health unit... If you're an autonomous health unit, you do not have to sit down and weigh your budget against whether you're going to pave a road, or put some benches in a park. When you're autonomous you're able to focus on the particular needs and work and you do not have to justify every expense. Plus your senior administration will be people trained in that health area and not have oversight by someone who is not trained in the health field. The buck stops with the MOH, who is trained in that area, who is also accountable then too, so you don't have all this red tape around the work. (Interview 20)

On the other hand, the municipal politician with no board experience argued that the City should have more control over the MLHU's budget (Interview 21).

Hamilton Public Health Services (HPHS)

HPHS provides public health services to the approximately 540,000 residents of the City of Hamilton, covering 1,138 square kilometers. It is a municipal department. Thus, all of the approximately 277 full-time equivalent staff are municipal employees. It has a main office – which is not at City Hall – and seven satellite offices throughout the city. Prior to amalgamation, the regional council served as the board of health. In 1998, HPHS was amalgamated with the department of Social Services. This arrangement was continued after amalgamation, however, the result was that the MOH position was buried further in the municipal hierarchy and public health was governed first by the Committee of the Whole and then by a standing committee of council (Interviews 15 and 22). This was problematic, because under the HPPA, each health unit must have a board of health. HPHS became a stand-alone department in 2006 (Interview 25).

The board of health is now composed of all members of council and the mayor serves as chair. In 2010, HPHS' total budget was \$45,804,997. The province accounted for approximately 73 percent of HPHS' total revenue, the City contributed approximately 24 percent, and the remaining three percent was brought in through user fees and other revenue sources (City of Hamilton 2011d). Some programs are also fully funded by the province, such as Infectious Disease Control, Smoke Free Ontario, Healthy Smiles Ontario, and a needle exchange initiative.

Relationship between HPHS, the Board of Health, and other Departments

The relationship between HPHS staff and the board of health was described as good by most interviewees (Interviews 15, 19, 22, 24, and 25). Most saw clear advantages associated with having the health unit integrated into the municipal structure. However, disadvantages were identified as well, and one municipal politician indicated that there have been informal discussions amongst staff and some board members about moving towards a more autonomous governance model (Interview 19).

Beginning with the advantages of Hamilton's integrated structure, HPHS staff noted that there are benefits in terms of both capacity and coordination (Interviews 15, 24, and 25).

According to HPHS staff, being part of Hamilton's municipal structure means that the department benefits from high level financial, human resources, information technology, and legal support. While the HPHS is charged back for some of these services, it is not for others. For example, HPHS does not have a charge back contract for legal services. When HPHS staff consult with municipal lawyers on issues such as smoking or food premise inspection by-laws, they do not pay for this service: it is a hidden cost within the municipality (Interview 15). Staff also noted that having the MOH at the senior management table and attending all council meetings, with all of the other department heads, means that HPHS is kept informed and has

input on municipal decisions that while not directly related to public health, may impact health outcomes. Urban planning, public transit, parks and recreation, and community services were given as examples of policy areas where the interests of HPHS and other departments overlap (Interviews 15 and 24). These types of issues are often discussed at board of health meetings as well. HPHS staff explained that they also have direct relationships with staff from other departments, and are able to have some influence on municipal policy through these avenues (Interviews 15 and 24).

HPHS staff did note some disadvantages associated with having to follow corporate administrative processes and meet council goals and priorities that do not necessarily align with HPHS' funding envelope (Interviews 15, 24, and 25). Interviewees explained that HPHS has certain unique needs that are not necessarily met by corporate finance and human resource policies. For example, HPHS must follow the City of Hamilton's tendering process, which is designed for more traditional municipal spending. As one staff member explained, HPHS often purchases speciality services, for which there is not really a highly competitive market, but it still must follow the same rigorous process as all other municipal departments. This interviewee argued that this, "at times, can be a highly inefficient process" (Interview 15). Working with other departments has its challenges as well. This was explained succinctly by one interviewee, "other departments have their own priorities, and making your priorities, their priorities can be a challenge" (Interview 15). In addition, HPHS sometimes has to assist other departments, especially if the initiative is championed by council. This can make things difficult for HPHS staff, because public health funding is allocated by program, and they do not necessarily have the resources to support other departments (Interview 24).

The relationship with council, serving as the board of health, is complex as well. According to one municipal politician, the main advantage of having council serve as the board of health is greater accountability. This interviewee explained, that a service as important as public health, must have a “direct connection to the ballot” (Interview 22). Other interviewees were less certain about the benefits of having council serve as the board of health. While they recognized that there are certain members of council who are informed and interested in public health issues, there are also others that have less interest and knowledge (Interviews 15, 19, 24, and 25). As one staff member explained:

Not everyone on the board of health is a member by choice, per se. Because they are City council, they are board of health. Some board of health members may not have as much either interest or expertise in being a board of health member, but that is just one of their responsibilities. They are not focused on public health, whereas some of the independent boards of health, their elected officials have chosen to participate in that committee, they may have particular interests or knowledge and then they also have other members that are selected because of their expertise. (Interview 24)

Another staff member and a municipal politician expressed concern that councillors may also be driven more so by constituent opinion than by scientific evidence when making decisions on public health issues. According to these interviewees, the politics of being a municipal councillor can sometimes conflict with the proper management of the health unit (Interviews 15 and 19). Clean needle exchanges were used as an example where some board of health members voted against an important public health priority, to avoid “having a huge political nightmare on their hands” (Interview 19).

This same politician was particularly concerned about the independence of the MOH under Hamilton’s integrated structure:

People need to understand that when they are sitting on a board of health it isn’t for show. An outbreak of meningitis or any viral outbreak can be very serious, and if the councillors interfere with the medical officer of health, and the medical

officer of health folds because she is told she works for them, then you're in trouble. And right now, that's the way it works. Now if it was a public body, you wouldn't have the public board members saying to her, you work for us. You could have people on there that truly understand what the doctor is talking about. (Interview 19)

This interviewee went on to explain, “[i]f there is political interference during a public health emergency, people can die” (Interview 19). Other interviewees expressed less concern regarding the independence of the MOH, especially regarding issues that fall clearly under the HPPA (Interviews 15, 22, and 24). However, most also noted that Hamilton’s MOH has a dual reporting relationship: to the board of health and the city manager. The MOH reports to the city manager on administrative issues, and is a municipal employee. One staff member explained that that this limits the MOH’s ability to advocate as boldly for the health unit as MOHs that are independent from council (Interview 19).

In sum, there are clear differences in the relationships between the MLHU and the City of London, and between HPHS, the board of health, and other municipal departments in Hamilton. The MLHU is clearly more independent from the City of London than HPHS is from the City of Hamilton. This is evident at the board, MOH, and staffing levels. In London, municipal council has little control over the MLHU board, and municipal politicians that serve on the MLHU board appear willing to advocate strongly for the interests of the MLHU (Interview 20). While in Hamilton, not all board of health members are equally committed to public health (Interviews 15, 19, 22, and 24). At the staff level there seems to be good relationships across the board, however, in Hamilton, staff are part of a larger corporate administration. This appears to have both advantages and disadvantages. But it seems clear that MLHU staff are able to focus solely on public health programming, whereas HPHS staff sometimes have other demands placed on them. The structure in place at the MLHU aligns more closely with the structure advocated for by the

SARS Commission and the CRC. The rest of the chapter will assess the financial and service quality implications of these varying degrees of autonomy.

4. 2. Health Unit Levy and Cost-Shared Program Funding Growth versus Municipal Expenditure Growth

The cost of service delivery under fragmented and consolidated political systems is an important component of the debate between polycentrists and consolidationists. All other things being equal, advocates of both perspectives argue that service delivery costs less under their preferred system. A key argument advanced by consolidationists is that the proliferation of special purpose bodies reduces the amount of control that municipalities have over their own budgets. This is especially true for special purpose bodies like public health units that have the legislative authority to levy municipalities for their services. At budget time, most municipalities in Ontario set a budget target, which all departments and special purpose bodies are expected to follow. Consolidationists argue that because special purpose bodies are autonomous from municipal control, they are less likely to abide by this target, thereby skewing municipal spending decisions. Polycentrists argue that because special purpose bodies are more efficient and their spending decisions are easier to evaluate, spending rates will increase at a slower rate than services delivered by large general purpose governments. The exception, for polycentrists, is in instances where citizen preferences for higher quality services result in higher costs.

As explained above, public health funding in Ontario is shared between provincial and municipal governments (the federal government may also provide some funding). Because municipal and provincial budget cycles in Ontario are different, health units have to develop their budgets based upon subsidy assumptions. Board of health budgets are usually approved by municipalities in January or February, but the province does not approve grant allocations until the spring or summer. The municipal levy, which is the municipal contribution to public health

spending, covers a portion of mandatory program spending and related cost-shared programs. The proportion of overall health unit spending devoted to mandatory programs and cost-shared related programs varies by health unit. In 2010, approximately 72 percent of the MLHU's total budget was spent on cost-shared program spending, while HPHS spent approximately 67 percent of its budget on cost-shared programs (City of Hamilton 2011d; MLHU 2011a).

Since 2005, the province has committed to reaching a cost-sharing target for mandatory programs of 75 percent provincial funding and 25 percent municipal funding. Before this, mandatory programs were shared 50/50 between the province and member municipalities. Again, mandatory programs include programs in the areas of chronic disease and injury prevention, family health, infectious diseases, environmental health, and since 2009, emergency preparedness. Related cost-shared programs include the Vector-Borne Diseases program, and the former Public Health Research Education and Development (PHRED) program. The Vector-Borne Disease program is a surveillance program for diseases spread by mosquitos and ticks. Funding for this program is cost-shared 75/25 between the province and municipal funders. Although this is not covered by the mandatory programs umbrella, MOHs have the regulatory authority to determine whether action is required to control vector-borne diseases (HPHS staff member, email message to author, May 2, 2013; MLHU staff member, e-mail message to author, May 5, 2013). The PHRED program was a training and research partnership between health units, universities, and the MOHLTC. Both the MLHU and HPHS participated in this program. Funding for this program was cost-shared 50/50, until it was ended in 2010.³² In addition, there are a number of programs that are funded 100 percent by the province. Technically, the 100

³² The PHRED program was originally supposed to be transferred to the Ontario Health Agency for Health Protection and Promotion (now Public Health Ontario) in 2009, but it was extended until 2010. Some participating health units wound down their programs earlier in the year (MLHU), while others did not close until the end of the year (HPHS).

percent funded programs should have no impact on municipal spending, but as explained by a number of interviewees, funding has not kept up with the rate of inflation in recent years (Interviews 15 and 17). As a result, some cost-shared money has been spent on 100 percent funded programs.

This section compares municipal levy and cost-shared program funding growth to overall municipal expenditure growth. It is intended to test the claims made by consolidationists that special purpose bodies reduce the ability of municipalities to control their own budgets. The annual growth of the levy that the City of London pays to the MLHU and the MLHU's cost-shared program funding growth will be compared with the annual growth of the City of London's overall expenditures. The same comparisons will also be done for HPHS and the City of Hamilton. Comparable health unit data is only available back to 2003. The MLHU data is from a presentation MLHU staff made to the City of London in 2011 (MLHU 2011c). The HPHS data was calculated from provincial grant numbers, and numbers from a budget presentation to council (City of Hamilton 2012i; HPHS staff member, e-mail message to author, April 23, 2013). Because most of the 2003 to 2010 period was a time of growth for provincial public health spending, the hypothesis is that autonomous health units would be better positioned to take advantage of this funding increase than integrated health units. Thus, changes to the MLHU's annual levy and cost-shared program funding are less likely to have a direct relationship with changes to the City of London's overall expenditures. The MLHU should be able to use its autonomy to maximize the impact of the provincial increase. In Hamilton, because the City has control over HPHS' annual budget, the City is likely to take advantage of increasing provincial funding to reduce the impact of public health funding on the property tax base. In other words, as the provincial contribution increases, the City of Hamilton is likely to make a

corresponding decrease in its contribution to HPHS' cost-shared programs budget. Accordingly, cost-shared program funding increases should be less than overall municipal expenditure increases.

For municipal expenditures, year-end actuals are used rather than budgeted amounts, because there can be large differences between municipal budget targets and what is actually spent (Dachis and Robson 2011, 15). Total municipal expenditures between 2003 and 2008 were collected from standardized provincial reports that are submitted by all municipalities to the Ministry of Municipal Affairs and Housing's Financial Information Return program. Since 2009, all municipalities in Ontario have been required to use accrual accounting in their financial reports.³³ The standardized provincial reports do not restate spending from the previous year, but the audited financial statements of municipalities do. Thus, in order to calculate the expenditure increase between 2008 and 2009, audited municipal financial statements were used. To ensure consistency, the expenditure increases between 2009 and 2010 were calculated using audited financial statements as well. This methodology has been used elsewhere (Ibid, 8). Even though the health unit levy is paid for out of municipal operating budgets, total municipal expenditures were used, rather than operating expenditures. This is because there is variation between municipalities in terms of what it is included as operating and capital expenditures, and money is transferred between capital and operating budgets (Ibid; Sancton 2011, 272). In addition, the shift to accrual accounting in 2009 means that separate year-end actuals for operating and capital expenditures are no longer reported in financial statements.

³³ The biggest change for municipalities associated with moving to accrual accounting for their financial reports relates to capital expenditures. Accrual accounting combines both operating and capital expenditure and amortizes expenditures over the expected lifetime of a capital project, whereas cash accounting (which is the method most municipalities used for their capital budgets) characterizes capital expenditures as an up-front expense. See Dachis and Robson (2011) for a fuller explanation of the differences between accrual and cash accounting.

The Middlesex-London Health Unit and the City of London

In 2005, the MLHU and its municipal funders, the City of London and the County of Middlesex, reached an agreement that would see municipal contributions frozen as the province made the transition to the 75/25 percent funding model. This transition was originally supposed to be phased in over three years; however, with the province capping its annual increases since 2006, the MLHU has yet to meet that target. In 2010, the split was approximately 66 percent provincial and 33 percent municipal (MLHU 2011c). Since 2009, the City has been asking to have its contribution reduced, but the MLHU has refused these requests. At the current rate, the 75/25 percent split will not be achieved until 2018 (Interview 21). As illustrated by Table 4.3 below, there was a 5.5 percent increase in the City's levy – which is the City's contribution to the MLHU's cost-shared programs budget – between 2003 and 2004. This did exceed the City's expenditure increase by almost one percent. But between 2004 and 2010, the City's levy was constant at approximately \$6.2 million. For the entire 2003-2010 period, this works out to less than one percent average annual levy growth. Between 2005 and 2010, the MLHU's objective was to keep municipal contributions at 2004 levels as the province moved from funding 50 percent of mandatory programs towards its 75 percent target. By keeping the municipal contributions static, the MLHU was able to more fully capture the additional provincial spending, and overall cost-shared funding increased from \$14.8 million in 2004 to \$22.2 million in 2010 – an average annual increase of seven percent. In comparison, overall municipal expenditures for the City of London increased at a slower rate. The City's overall expenditure increases did exceed the MLHU's in 2008 and 2010, but its average annual increase during the entire period was lower than the health unit, at 4.9 percent. The small reduction in cost-shared

program spending between 2009 and 2010 is due to the closure of the PHRED program in the spring of 2010.

Table 4.3 MLHU Levy and City of London Expenditures

Year	MLHU ³⁴				City of London ³⁵	
	City of London's Levy (\$)	Levy Increase (%)	Cost-Shared Program Funding (\$)	Cost-Shared Program Funding Increase (%)	Total Expenditures (\$)	Expenditure Increase (%)
2003	5,869,765		13,984,470		813,262,103	
2004	6,195,000	5.5	14,748,000	5.5	851,354,821	4.7
2005	6,195,000	0	16,654,000	12.9	932,582,622	9.5
2006	6,195,000	0	18,765,000	12.7	938,303,548	0.6
2007	6,195,000	0	21,065,000	12.3	1,012,637,780	7.9
2008	6,195,000	0	21,699,000	3.0	1,069,570,671	5.6
2008 Expenditures Restated Using Accrual Accounting					831,206,000	
2009	6,195,000	0	22,339,000	2.9	846,788,000	1.8
2010	6,195,000	0	22,209,000	-0.6	885,498,000	4.5

Source: Ontario Municipal Financial Information Returns, 2001-2008³⁶; City of London 2009b, 2010c; Middlesex-London Health Unit 2011.

There are two separate narratives to consider based on the data in Table 4.3. First, the levy paid by the City to the MLHU only increased between 2003 and 2004, and then was kept constant between 2004 and 2010. Throughout this period, overall municipal expenditures increased by an average of approximately five percent per year. Thus, the City of London's overall expenditures increased at a greater rate than its spending on public health. Nevertheless, if the City had its way, its contribution would have been reduced beginning in 2009. Second, is that overall health unit expenditure increases did exceed overall municipal spending increases. The MLHU was able to more fully capture the increase in provincial funding by keeping municipal contributions frozen, rather than reducing them. When contributing municipalities

³⁴ The levy and cost-shared program funding numbers made available by the MLHU between 2004 and 2010 were all rounded to the nearest thousand.

³⁵ Between 2004 and 2008, the period for which separate operating and capital expenditure figures were available, capital expenditures had a slight drag on total expenditures. The average operating expenditure increase during this period was 6.5 percent, while average total expenditures were 5.7 percent.

³⁶ Municipal Financial Information Returns can be accessed here: <http://oraweb.mah.gov.on.ca/fir/welcome.htm>.

began to ask for a reduction in their contributions, the MLHU board held its ground and rebuked those demands (Interviews 17, 18, and 21).

According to MLHU staff, in 2004, the MLHU was one of the lowest per-capita funded health units in Ontario and was well below provincial averages for mandatory program completion rates (Interviews 17 and 18). This was part of their argument to push for more funding. Before the provincial funding increase, the MLHU took its budget direction from the City of London (Interview 17). However, MLHU staff viewed the provincial funding increase as a clear commitment by the province to strengthen the public health system, not simply to rearrange the same level of funding (Interview 18). As one MLHU staff member explained:

Seeing that we were one of the poorest health units, I mean Windsor was the poorest, Peel was second and we were third. And seeing that we were not meeting what we were legislatively required to do, I think the board said, “hey, this was staff’s recommendation as a way to start addressing some of those risks, some of the things that we as a board are required to have in place.” What we recommended to the board was, “you are legislatively responsible for it, we haven’t done a great job keeping up to the average health unit out there, let’s use the opportunity for the provincial funding to enhance public health programs in the MLHU without affecting the municipal tax base, so zero percent.” So let the province repair public health and not have the municipal taxpayer pay for it. (Interview 17)

And indeed, the MLHU did see a significant increase in its cost-shared program funding between 2004 and 2010. Staff noted that the MLHU has “benefitted greatly” from this funding increase and is now doing much better in terms of meeting most of the mandatory programs (Interviews 17 and 18). Staff also maintained that criticisms from councillors and the media regarding the MLHU’s budget growth are not always fair. For example, the MLHU has taken heat for adding 70 new staffing positions since 2004, but this is across all programs, not only cost-shared programs. There were increases made to fully funded programs such as Smoke Free Ontario, which accounts for some staffing and funding increases. And in addition, certain mandatory

programs such as Emergency Preparedness did not exist when the agreement with the City and County was made in 2005 (Interviews 17 and 18).

The position of council in general, however, is that the MLHU budget is too high, and most councillors would like to get to the 75/25 percent split as quickly as possible (Interviews 21 and 23). City staff also noted that they would like to realize the 75/25 split sooner, but realize that because of the cost-sharing nature of mandatory program funding any reduction in the City of London's contribution will also result in reductions to the County's and ultimately the province's contribution (Interview 23). More recently, this dispute has played out at board of health meetings and has received considerable attention from the local media (Sher 2011, 2012a, 2012b, 2012c; Martin 2011a, 2012; Maloney 2012). The City, in collaboration with the County, has gone as far as to ask the Minister of Health and Long-Term Care whether they could take over the administration of the health unit (Sher 2012a; 2012b). Only the board can authorize such changes. However, the City and County continue to try and persuade the board to have certain administrative functions integrated into one of their municipalities (Interviews 18 and 21). At the time of writing, Price Waterhouse Coopers has been hired to review whether savings could be found by having either the City or the County provide certain administrative functions (MLHU 2012a).

In short, the MLHU kept its municipal levy static between 2004 and 2010 in order to take advantage of the increase in provincial funding. The City of London initially agreed to this strategy, but grew frustrated by the pace at which the transition to the 75/25 funding split was taking place. The MLHU's autonomy allowed it to ignore the City's requests for a levy reduction beginning in 2009. The City's overall expenditures increased by an average 4.9 percent annually and, except for 2003 to 2004, its contribution to the MLHU remained unchanged. Because of the

increase in provincial funding, the MLHU's cost-shared program funding increased by an average of seven percent annually. This is higher than the City's annual expenditure increase, but this was a growth period for the MLHU. This result supports the hypothesis that autonomous health units would be well positioned to take advantage of the increase in provincial funding. In 2005, the MLHU convinced the City to maintain its levy amount as the province increased its contributions. But beginning in 2009, when the City wanted its contribution reduced, it was unable to bring the health unit under control. The MLHU's levy and cost-shared program funding growth did not have a direct relationship with the City of London's overall expenditures. The MLHU's levy increase was much lower than overall municipal expenditure increases, but its cost-shared program funding increases did exceed municipal expenditure increases.

Hamilton Public Health Services and the City of Hamilton

Between 2004 and 2010, the City of Hamilton's contribution to public health was reduced, but increases in provincial funding allowed for an increase of HPHS' cost-shared program funding. As illustrated by the Table 4.4 below, municipal spending on public health varied considerably during this period, but the overall trend was downwards: HPHS' levy decreased by an average of 3.7 percent annually. Nonetheless, because of increasing provincial funding, overall cost-shared program funding increased each year, at an average rate of 5.1 percent. As an HPHS staff member explained:

The 75/25 split has certainly helped Hamilton, in terms of less of a burden for the municipality to put in money. It provided overall, more stable and increased funding within public health services. We have been able to expand our programs to be able to deliver the services we need. Some of that money is being used to save the municipality money for their own purses and not necessarily reinvested into public health, but then it is reinvested into other City services that also help the health of our city. So it has been a positive thing. (Interview 24)

The HPHS first reached the 75/25 split in 2007, but cost allocations did deviate from this target in 2008, 2009, and 2010 because the provincial cap was set lower than the subsidy assumption that HPHS staff had budgeted for (Interview 25). In comparison, overall municipal expenditures increased by an average of 4.5 percent annually. This is much higher than HPHS' levy growth, but is slightly lower than HPHS' average annual cost-shared program funding increase.

Table 4.4 HPHS Levy and City of Hamilton Expenditures

Year	HPHS				City of Hamilton ³⁷	
	City of Hamilton's Levy (\$)	Levy Increase (%)	Cost-shared Program Funding (\$)	Cost-shared Program Funding Increase (%)	Total Expenditures (\$)	Expenditure Increase (%)
2003	10,761,003		21,522,006		1,238,297,827	
2004	12,358,421	14.8	24,716,842	14.8	1,307,178,110	5.6
2005	11,617,282	-6.0	25,816,070	4.4	1,485,949,926	13.7
2006	9,426,762	-18.9	26,933,890	4.3	1,497,206,048	0.8
2007	7,244,323	-23.2	28,036,250	4.1	1,535,426,371	2.6
2008	7,448,253	2.8	28,854,971	2.9	1,596,265,722	4
2008 Expenditures Restated Using Accrual Accounting					1,377,294,000	
2009	7,563,594	1.5	29,524,797	2.3	1,451,163,000	5.4
2010	7,797,754	3.1	30,462,796	3.2	1,438,494,000	-0.9

Source: Ontario Municipal Financial Information Returns, 2001-2008³⁸; City of Hamilton 2009d, 2010c, 2012i.

Thus, the City of Hamilton was able to exert much greater control over HPHS' levy than the City of London was over the MLHU's levy. This notwithstanding a similar understanding among MLHU and HPHS staff that the shift in provincial funding was intended as "progressive uploading to create capacity within the public health system" (Interview 15). As an HPHS staff member explained:

My understanding... was that as the province began to ratchet up their investments, in principle they wanted municipalities to keep pace with them. So yeah, "your share is this but we want you to keep pace with our increases, so that we are building capacity in the system." Some have done that, some have not. So, what you've seen [in Hamilton] is that as the provincial government has increased, the municipality has ratcheted back theirs to sort of just offset it. It is a good way for them to safeguard the levy pressures. (Interview 15)

³⁷ Between 2004 and 2008, the period for which separate operating and capital expenditure figures were available, capital expenditures had a slight pull on total expenditures. The average operating expenditure increase during this period was 5.2 percent, while the average total expenditure increase was 5.3 percent.

³⁸ Municipal Financial Information Returns can be accessed here: <http://oraweb.mah.gov.on.ca/fir/welcome.htm>.

Though they would have preferred that the City continue funding public health at 2004 levels and “then have the province increase overall resources to reach the 75/25 split” (Interview 24), HPHS staff were unable, or perhaps unwilling, to convince council to maintain public health spending. As a municipal department it is difficult for HPHS staff to argue that their needs are exceptional. An HPHS staff member explained that:

The idea is that Public Health is one of the departments of the City. The idea is for the City departments to work together as a team. So as the team goes, there are similar expectations for all of the team members to contribute equally. (Interview 24)

The view of municipal politicians regarding the 75/25 funding split is mixed. One interviewee clearly wants to see funding for public health removed from the property tax base. This interviewee grouped public health with other services that had been downloaded from the province. According to this interviewee, “nearly 20 percent of our operating budget is related to provincial downloading. Obviously, we saved 25 percent, but the reality is that from a global perspective, we are still in a deficit scenario as a result of the province” (Interview 22). This interviewee went on to explain that “there are certain services that don’t belong on the municipal tax base – public health is one of them. So, they’ve uploaded the 25 percent, it should be 100 percent funded” (Interview 22). The MOHLTC’s cap on its annual increase was another point of contention for this interviewee:

When you cap funding for mandatory services, it is no longer revenue neutral: particularly when you have a 75/25 split. When you mandate something but are not paying for it, you are not meeting your commitment, you’re not paying your bills. (Interview 22)

This politician also maintains that HPHS is no different than any other departments with regards to its levy request.

The other municipal politician interviewed agreed with staff and viewed the increase in provincial spending as a way to increase overall resources in the public health system. In addition, this interviewee argued that HPHS is not bound by the City's budget target to the same degree as other departments. According to this interviewee, "If they [HPHS] put a budget forward and they are saying this is what we need and the MOH comes through and makes that argument, it is very difficult for any councillor to object to it, and retain any semblance of credibility in the community" (Interview 19). Nevertheless, the numbers in Table 4.4 seem to indicate that the majority of council does not share this position.

In sum, despite the preferences of HPHS staff to have municipal funding levels maintained in order to more fully capture the increase in provincial funding, they were unable or unwilling to convince council to endorse this plan. One City of Hamilton politician did seem to side with staff on this view, but as Table 4.4 indicates, this view was not shared by most members of council. Thus, the City of Hamilton's behaviour aligns with the hypothesis stated above, because it used the increase in provincial funding to reduce the impact of public health spending on the property tax base. With the increase in provincial funding, the City quickly moved to reduce its contribution to public health spending. Cost-shared program funding for HPHS still increased fairly consistently over this period. The annual average increase for cost-shared program funding was 5.1 percent, which is slightly higher than the average annual increase for municipal expenditures of 4.5 percent. Even with increases to provincial funding, the City of Hamilton was able to quickly get HPHS' budget increases under control.

Discussion

In this instance, the consolidationist hypothesis that special purpose bodies reduce the ability of municipalities to control their own budgets seems to hold. During a period of increasing

provincial funding, the City of Hamilton was able to exert greater control over the cost-shared program funding increases of HPHS – a municipal department – than the City of London was able to exert over the cost-shared funding increases of the MLHU – a special purpose body. The City of Hamilton quickly moved to reduce its contributions to HPHS once provincial increases kicked in. HPHS staff would have liked to have seen municipal contributions remain stable, but the “team” mentality of being a municipal department prevented the HPHS staff from successfully making the case that their department deserved special treatment. The MLHU on the other hand, seized this opportunity by convincing its municipal funders to maintain their contributions, thereby capturing the provincial increase more fully. As the province began to put limits on its annual expenditure increases, the time-frame for reaching the target 75/25 provincial/municipal split for public health spending was pushed back. The City of London took notice of this, and in 2009 asked to have its contribution reduced, but the MLHU refused. This stalemate continues at present, but with a change in the MOH position (the new recruit actually coming from HPHS), there is some indication that the MLHU will soften its stance (Sher 2013, A4). Nonetheless, the City of London’s contribution to the MLHU has been frozen since 2004, and represents less than one percent of its overall spending. Any noticeable impact on overall municipal expenditure increases was likely minimal. Thus, while the hypothesis that spending will increase faster under specialized service delivery holds, the concerns of consolidationists appear somewhat overstated. The province’s intent was to increase the capacity of the public health system over this period and MLHU staff claim that before the provincial increase in 2005 – when they took budget direction from the City – they were underfunded compared to most other health units in the province. The next two sections, which include findings related to per capita spending, support this claim.

4.3. Staffing Costs and Full Time Equivalent (FTEs)

Another claim made by consolidationists is that general purpose governments are able to achieve cost savings through the sharing of personnel and resources. This is especially true for administrative functions that can support multiple departments. They argue that because of their functionalized specialization, special purpose bodies are unable to achieve the same level of coordination and cost-savings. Moreover, because special purpose bodies are less visible than municipal governments, they may engage in rent seeking behaviour by overpaying or underusing staff resources (Craig et al. 2012, 714). While polycentrists recognize that larger governmental units are best suited to deliver certain public goods, in general they argue that large bureaucracies are less efficient than a mix of smaller bureaucracies and independent agencies that bargain or compete where coordination is necessary (E. Ostrom 1972, 485). Polycentrists maintain that there is a considerable loss of organization and control within the hierarchy of a large bureaucracy, making it much more difficult for large bureaucracies to solve problems and respond to changes (Ibid). Comparing staffing costs and full time equivalent (FTE) staffing requirements between the MLHU and HPHS is intended to test whether special purpose bodies or municipal departments spend more on staffing and administration.

Beyond the theoretical debates between polycentrists and consolidationists, there is no a priori agreement between health unit staff and municipal politicians on these questions either. Staff from both health units seemed to share the idea that integrated health units may find some savings through the sharing of human resources, finance, information technology, and legal personnel with other departments. However, they also agreed that there are inefficiencies associated with this practice, such as the under or over-reporting of public health spending for certain shared functions (Interviews 15, 17, 18, 24, and 25). Service levels may also be

negatively affected because integrated health unit staff are bound by corporate-wide policies and procedures, which may not translate well to public health (Interviews 15, 16, 24, and 25). Most of the politicians interviewed seemed to suggest that if autonomous health units spend more on staffing, it is because their autonomy allows them to be more faithful to their mandate than integrated health units that are placed under tight budget control (Interviews 19, 20, and 21). As one City of Hamilton politician explained:

Integrated health departments can find the ways and means for savings, but they also interfere with the mandatory component, which causes problems. The programs are mandatory for a reason, and not all municipal politicians believe that they should be mandatory. So they try to find ways within the budget to control it. If they can't control the overall program, then they squeeze it through the budget. If the medical officer of health doesn't stand his or her ground with the council, they get away with it. (Interview 19)

However, the other City of Hamilton politician argued that staffing and administrative costs would be higher in autonomous health units, because they are less accountable than integrated health units. This interviewee maintained that, "anytime you remove public accountability, spending increases" (Interview 22).

In short, there was no clear consensus amongst health unit staff and municipal politicians on whether autonomous or integrated health units were likely to spend more on staffing and administrative costs. Based on the interviews, it appears as though efficiencies and inefficiencies are present under both structures. The results indicate that the MLHU's per capita staffing and administrative staffing requirements are lower than HPHS', but as a percentage of total staffing requirements administrative staffing requirements are similar.

Results

Comparable data on staffing levels was only available between 2005 and 2010. The data is derived from a form (Form 3) that health units submit to the province as part of their annual

budget requests. As illustrated by Tables 4.5 and 4.6 below, HPHS spends more on staffing per capita than the MLHU. Average per capita staffing costs for the MLHU between 2005 and 2010 were \$27.19. For HPHS, average per capita staffing costs were \$33.56. Even though per capita staffing spending increased at a faster rate for the MLHU (31.4 percent compared to 20.3 percent for the HPHS), the HPHS spent on average \$6.37 more per capita on staffing than the MLHU during this period. This illustrates how far the MLHU's funding was behind other comparable health units, on a per capita basis, prior to the increase in provincial funding. The MLHU is a smaller organization than the HPHS, and serves a smaller population base. This finding lends some support to the polycentrists' claim that large bureaucracies are less efficient than smaller bureaucracies.

Table 4.5 MLHU Staffing Costs Per Capita

Year	Total Staffing Requirements (FTEs)	Total Staffing Requirements (\$)	Population	Staffing Costs Per Capita (\$)
2005	166.40	9,894,716	437,515	22.62
2006	165.80	10,837,910	440,945	24.58
2007	189.85	12,548,686	444,438	28.23
2008	192.85	12,922,652	448,694	28.80
2009	192.85	13,190,892	452,127	29.18
2010	192.85	13,564,972	456,630	29.71

Source: Middlesex-London Health Unit 2006, 2007, 2008, 2009, 2010, 2011b; Statistics Canada 2011a, 2012a.

Table 4.6 HPHS Staffing Costs Per Capita

Year	Total Staffing Requirements (F.T.E)	Total Staffing Requirements (\$)	Population	Staffing Costs Per Capita (\$)
2005	258.34	15,961,583	523,781	30.47
2006	270.09	16,563,120	525,242	31.53
2007	272.49	17,351,870	527,867	32.87
2008	274.79	18,183,679	530,970	34.25
2009	275.09	19,068,284	535,785	35.59
2010	277.09	19,799,095	540,234	36.65

Source: City of Hamilton 2006d, 2007c, 2008b, 2009f, 2010e, 2011e; Statistics Canada 2011a, 2012a.

Total staffing numbers only tell part of the story; however, as the ratio between front-line and administrative staff may explain more about the drivers of staffing costs in special purpose bodies versus municipal departments. Form 3 also provides a breakdown of staffing requirements by position. Table 4.7 lists all of the positions reported by either the MLHU or HPHS between 2004 and 2010. Form 3 makes a distinction between Program Staff and Administrative Staff. In reference to Table 4.7, the positions from Director/Business Administrator down are grouped as Administrative Staff on Form 3. However, individual health units populate the form differently, making it difficult to make comparisons based upon this distinction. For example, HPHS does not report staffing requirements for Secretarial/Admin Staff, but the MLHU does. HPHS reports these staff members as Program Support Staff. In addition, the Business Administrator at the MLHU is reported on Form 3 as a Program Director, while the same position at HPHS is reported as Director/Business Administrator. For the purposes of this chapter, Table 4.7 makes a more useful distinction between front-line and administrative staff. Position titles were grouped based upon primary roles. Front-line staff are those whose primary responsibilities are centered on service delivery. People who work in these positions interact directly with the public as part of their day-to-day jobs, whether it is a public health nurse performing immunizations, or a public health inspector performing food premise inspections. Administrative staff are those whose primary responsibilities are centered on managing or supporting front-line staff. This includes the MOHs and other senior managers, because they deal mainly with staff, and in the case of MOHs, the board. Even though the HPHS spends more on staffing per capita, consolidationists would claim that it should be able to devote more of its resources to front-line staff. Because of confidentiality concerns the breakdown by position was only made available by FTE and not by spending (the rationale is that the salary of

individual staff members could be identified, especially where there is one or less FTE for a specific position).

Table 4.7 Front-Line and Administrative Staff Positions

Position Titles	Front-line Staff	Administrative Staff
Medical Officer of Health		X
Associate Medical Officer of Health		X
Program Director		X
Program Manager/Supervisor		X
Project Officer		X
Public Health Nurse/Registered Nurse	X	
Registered Practical Nurse	X	
Nurse Practitioner	X	
Public Health Inspector	X	
Dentist	X	
Dental Hygienist/Assistant	X	
Health Promoter	X	
Nutritionist/Dietician	X	
Epidemiologist	X	
Program Coordinator		X
Program Support Staff		X
Students	X	
Other Program Staff	X	
Tobacco Enforcement Officer	X	
Construction Inspector/By-Law Enforcement	X	
Superintendent		X
Director/Business Administrators		X
Managers/Supervisors		X
Secretarial Admin Staff		X
Financial Staff		X
I & IT Staff		X
Communications Manager/Media Coordinator		X
Volunteer Coordinator		X
Human Resources Staff/Coordinator		X
Other Administrative Staff		X
General Manager		X

Source: Middlesex-London Health Unit 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011b; City of Hamilton 2004b, 2005b, 2006d, 2007c, 2008b, 2009f, 2010e, 2011e.

Tables 4.8 and 4.9 below, provide the breakdown by position for each health unit. As is clear, administrative staff constitutes a similar percentage of the total staffing requirements for both the MLHU and HPHS. The average administrative staff percentage for the MLHU over this

period is 35.12. For HPHS it is 35.48. It is difficult to draw any firm conclusions based on such a small difference. Nonetheless, it does seem as though the consolidationists' hypothesis regarding the staffing and administrative savings associated with municipal service delivery appear to be exaggerated here as well. Again, these numbers are unable to account for differences in spending on legal fees or facilities management, but as indicated by a number of interviewees, finding comparable numbers would be difficult as costs for these functions are not always clearly allocated (Interviews 15, 17, and 18).

Table 4.8 MLHU Administrative Staff

Year	Admin. Staff (F.T.E)	Total Staffing Requirements (F.T.E)	Percentage Admin.
2005	57.80	166.40	34.74
2006	58.40	165.80	35.22
2007	65.10	189.85	34.29
2008	68.10	192.85	35.31
2009	68.60	192.85	35.57
2010	68.60	192.85	35.57

Source: Middlesex-London Health Unit 2006, 2007, 2008, 2009, 2010, 2011b; Statistics Canada 2011a, 2012a.

Table 4.9 HPHS Administrative Staff

Year	Admin. Staff (F.T.E)	Total Staffing Requirements (F.T.E)	Percentage Admin.
2005	86.7	258.34	33.56
2006	96.75	270.09	35.82
2007	95.65	272.49	35.10
2008	96.95	274.79	35.28
2009	98.45	275.09	35.79
2010	103.45	277.09	37.33

Source: City of Hamilton 2006d, 2007c, 2008b, 2009f, 2010e, 2011e; Statistics Canada 2011a, 2012a.

In order to ensure that the differences in terms of staffing costs between the MLHU and the HPHS cannot be explained by different wage rate structures in London and Hamilton, tables 4.10 and 4.11 below include figures for total staff and administrative staff per 100,000 people. The numbers below support the earlier findings that the HPHS is a relatively heavier organization in terms of staffing than the MLHU. This is true for both total staffing requirements and total administrative staff requirements. Between 2005 and 2010, the MLHU had on average,

41 staff per 100,000 people, 14 of whom were administrative staff. The HPHS had on average 51 staff per 100,000 people, 18 of whom were administrative staff. Nonetheless, the ratio of administrative staff to total staff is comparable in the two health units.

Table 4.10 MLHU Per Capita Staffing Requirements

Year	Total Staffing Requirements (F.T.E)	Admin. Staff (F.T.E)	Population	Total Staff Per Capita (x 100,000)	Admin. Staff Per Capita (x 100,000)
2005	166.40	57.80	437,515	38	13
2006	165.80	58.40	440,945	38	13
2007	189.85	65.10	444,438	43	15
2008	192.85	68.10	448,694	43	15
2009	192.85	68.60	452,127	43	15
2010	192.85	68.60	456,630	42	15

Source: Middlesex-London Health Unit 2006, 2007, 2008, 2009, 2010, 2011b; Statistics Canada 2011a, 2012a.

Table 4.11 HPHS Per Capita Staffing Requirements

Year	Total Staffing Requirements (F.T.E)	Admin. Staff (F.T.E)	Population	Total Staff Per Capita (x 100,000)	Admin. Staff Per Capita (x 100,000)
2005	258.34	86.7	523,781	49	17
2006	270.09	96.75	525,242	51	18
2007	272.49	95.65	527,867	52	18
2008	274.79	96.95	530,970	52	18
2009	275.09	98.45	535,785	51	18
2010	277.09	103.45	540,234	51	19

Source: City of Hamilton 2006d, 2007c, 2008b, 2009f, 2010e, 2011e; Statistics Canada 2011a, 2012a.

In sum, the MLHU spends less per capita on staffing than HPHS. This finding seems to support the polycentrists' claim that larger bureaucracies will spend more on staffing than smaller ones. However, when FTEs are broken down between front-line and administrative staff, there is very little difference between the two health units in terms of percentage of administrative staff. It is difficult to draw generalizations from these findings, but they do seem to indicate, that at least for health units serving similar urban/rural populations, the concerns of consolidationists regarding high staffing and administrative costs are overstated. The trend from the previous section carries over, as total staffing costs increased at a faster rate for the MLHU

than the HPHS during this period. However, the per capita numbers do give us some indication of how far the MLHU was behind other similar health units prior to the increase in funding.

While this section did partly address the efficiency of both health units with regards to staffing, it was missing an accompanying quality indicator. The next section will test for both efficiency and effectiveness.

4.4. Efficiency and Effectiveness

Polycentrists and consolidationists fundamentally disagree on the types of local government structures that will produce positive outcomes in terms of efficiency and effectiveness.

Polycentrists argue that service delivery through special purpose bodies, such as autonomous health units, is more efficient, because economies of scale vary according to the public good in question, and more effective, because it is easier for citizens to evaluate and compare the performance of specialized jurisdictions. Consolidationists argue that service delivery through municipal governments is more efficient, because overlap and duplication are minimized, and more effective, because municipal governments facilitate coordination and have the professional capacity to effectively manage challenging policy problems. Moreover, service delivery through special purpose bodies confuses citizens, which prevents them from articulating demands and monitoring performance. Empirical findings from recent comparisons between specialized and general purpose local governments on measures of efficiency and effectiveness have been mixed (see Berry 2009; Craig et al. 2012). This section includes measures to test for both efficiency and effectiveness. Efficiency is measured in terms of per capita mandatory program spending with an accompanying quality indicator. And effectiveness is measured by comparing outcomes for one mandatory program in particular: food premise inspections.

4.4.1. Efficiency

While staffing costs do represent a significant portion of health unit spending, there are certainly other important cost drivers as well. In order to get a better sense of the overall efficiency of the MLHU and HPHS, per capita spending on mandatory programs is compared. Much like staffing requirements, mandatory program spending is detailed in a form (Form 2) that is part of each health unit's annual budget request sent to the ministry. Mandatory program spending, rather than total health unit spending is used, because there is variation between health units in terms of both related cost-shared programs and fully funded programs. However, each health unit is required to deliver the full complement of mandatory health programs. A quality indicator – accreditation results through the Ontario Council on Community Health Accreditation (OCCHA) – is included as well.

As confirmed by most interviewees, there are very few comparisons made regarding the success of health units in meeting mandatory program standards. Prior to 2003, health units completed annual Mandatory Program Indicator Questionnaires (MPIQs). The results of the MPIQs were completely self-reported and there was no fact-checking done by the Ministry of Health (OCCHA 2002, 5; Office of the Auditor General of Ontario 2003). These were discontinued in the aftermath of SARS as the province began working towards the development of the OPHS (which replaced the MHPGs in 2009). Accountability agreements, which are legal agreements between the province and each board of health, were first introduced in 2010. They have a performance management section which includes a range of standard indicators that health units are expected to meet. But not all of these indicators can be fully controlled and it is expected that the list of indicators will continue to grow (Interview 17). It is also important to note that with the transition from the MHPGs to the OPHS, the list of services under the

mandatory programs increased. For example, health units are now required to inspect tattoo parlours and vaccine refrigerators in doctors' offices. Thus, reporting to the province has been inconsistent through the study period. However, both the MLHU and HPHS were accredited by OCCHA during this same time-frame. OCCHA's accreditation process looks at the operation of the health unit as a whole and incorporates the province's mandatory program standards, making the accreditation results the most consistent indicator of operational quality available.

Accreditation status was also included as an indicator of effective health unit governance in the Ministry of Health and Long-Term Care's *Initial Report on Public Health* (2009).

OCCHA is an independent accreditation agency. It is governed by a board of directors comprised of members appointed by different public health professional associations, such as the Association of Public Health Epidemiologists in Ontario and the Ontario Association of Public Health Dentistry. Accreditation through OCCHA is a peer-reviewed process based upon a set of principles and standards – which incorporate the ministry's mandatory program standards – that relate to governance, management, and program delivery. For example, standard 19 from OCCHA's 2005 Accreditation Survey addressed program/service area planning and implementation. According to this standard: "Each program/service area shall, with staff input, prepare a written annual operational plan, which is compatible with goals and objectives, reflects the MHPSGs and which identifies: activities (implementation and monitoring), time-lines, responsibilities, resources, and expected outcomes" (OCCHA 2005a, 2005b). Thus, while incorporating the ministry's mandatory program standards; accreditation is based more on how well the administrative and operational components of the health unit are functioning. It is not a perfect proxy for output quality, but as mentioned above it is the most consistent and comprehensive measure available.

OCCHA accreditation has been available to health units in Ontario since 1981; however, presently only 12 of Ontario's 36 health units are accredited. Accreditation through OCCHA was a requirement for participation in the former PHRED program. Both the MLHU and HPHS participated in this program; thus, up until 2010, accreditation was mandatory for them. Similar peer-review, standards-based, continuous quality improvement public health accreditation systems exist elsewhere in North America as well. For example, in the U.S. there are a number of state-based local health department accreditation systems, some of which are mandatory, and a recently established voluntary national accreditation program (Davis et al. 2009; Davis et al. 2011; Johnson 2011; Riley et al. 2012).

During the period for which comparable mandatory program spending is available (2003-2010) both the MLHU and HPHS were visited by OCCHA surveyors in 2005 and 2010. And both health units received the maximum accreditation award both times. Thus, both health units achieved a high level of compliance across OCCHA's accreditation standards during this period. However, a more precise comparison is possible because there are different compliance levels for each standard. Because of the transition to the OPHS in 2009, changes were made to the standards between 2005 and 2010. In 2005, there were 26 standards and in 2010, there were 18. Nonetheless, the 2005 and 2010 surveys include four basic levels of compliance. The labels attached to the different levels of compliance also changed between 2005 and 2010, but they refer to the same levels of compliance. The labels from the 2010 survey are the easiest to understand, so they are used in the tables below. They are: non-compliant, basic, satisfactory, or high achievement.³⁹ These will be scored as 0, 1, 2, and 3 respectively. Thus, the highest possible

³⁹ In the 2005, the comparable levels of compliance were labelled as follows: requirement noted, standard met with suggestions for improvement, standard met, and standard met with commendation.

score for the 2005 survey is 78 ($26 \times 3 = 78$), and for 2010 it is 54 ($18 \times 3 = 54$). Comparisons will be made for each survey, and for the entire period.

The Middlesex-London Health Unit

As explained above, prior to 2005, staff claim that the MLHU was one of the lowest per capita funded health units in the province and was below the provincial average in terms of meeting its mandatory program requirements. One staff member estimated that the MLHU was meeting approximately 74 percent of its mandatory program standards, while the provincial average was closer to 84 percent (Interview 17). The MLHU board used these numbers to convince its funders of the value in maintaining 2004 levels in order to capture the increase in provincial spending starting in 2005. Prior to 2005, when mandatory program costs were shared evenly between member municipalities and the province, the MLHU took its budget direction from its largest municipal contributor, the City of London (Ibid). As table 4.12 illustrates below, in 2003, per capita spending was \$28.06 and by 2010 it was \$46.40, an increase of \$18.34, or approximately 65 percent. Average per capita mandatory program spending across the entire period was \$39.34.

Table 4.12 MLHU Per Capita Mandatory Program Spending

Year	Mandatory Program Spending (\$)	Population	\$ Per Capita
2003	12,034,720	428,856	28.06
2004	13,303,872	434,175	30.64
2005	15,333,796	437,515	35.05
2006	17,030,875	440,945	38.62
2007	19,845,631	444,438	44.65
2008	20,324,078	448,694	45.30
2009	20,806,971	452,127	46.02
2010	21,187,942	456,630	46.40

Source: Middlesex-London Health Unit 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011b; Statistics Canada 2011a, 2012a.

OCCHA Accreditation Results

MLHU staff saw value in the accreditation process, both in terms of improvements to the health unit's overall performance and in terms of accountability to its funders and the public (Interviews 16, 17, and 18). Likewise, the former City of London politician with board experience valued accreditation for ensuring “that staff are delivering the programs that they need to offer, but also that you are treating your staff in the best way possible” (Interview 20). The politician with no board experience was unaware that the MLHU was accredited, but did see value in a peer-review process (Interview 21).

The MLHU received OCCHA's maximum accreditation award in both 2005 and 2010. The 2005 survey is a good indicator of how well the health unit was performing prior to the provincial funding increase. The letter attached to the survey explains achievement of the maximum accreditation award “reflects the ability of the agency to provide quality public health programs and services to the community” (OCCHA 2005b). While the MLHU demonstrated overall compliance, there were areas noted for improvement. As Table 4.11 below illustrates, the modal score for the 2005 survey was Satisfactory. There was one Non-Compliant, this was for Standard Number 5: Physical and Financial Resources. According to the surveyors' comments, the MLHU was non-compliant because it had no “written policies for tendering or for the maintenance and/or disposition of assets.” However, staff had identified this problem, and the development of these guidelines and policies was included in the 2005 operational plan (OCCHA 2005b, 3). The High Achievement score was for Standard Number 13: Human Resources Development. The MLHU was commended for its “commitment to encouraging and

providing continuing education opportunities to all levels of staff across all program areas”

(Ibid).⁴⁰ The MLHU’s overall score was 47 out of a possible 78, or 60 percent.

In the letter attached to the 2010 survey, OCCHA’s summary comments explain that the MLHU “has demonstrated an overall compliance with the accreditation standards, and has maintained a satisfactory or high level of achievement across all sections of the accreditation standards” (OCCHA 2010b, 12). The 2010 survey is a good indicator of how consecutive funding increases since 2005 translated into overall health unit performance. As Table 4.13 illustrates below, the modal score for 2010 was High Achievement. There was one Non-Compliant, again for Standard 5: Physical and Financial Resource Management. High Achievement was achieved for the following standards: Governance, Organizational Structure, Records Management, Training/Education/Skills, Collaboration, Research and Knowledge Exchange, Health Promotion, Health Protection and Disease Prevention, and Public Health Emergency Preparedness and Risk Management. The MLHU’s overall score was 44 out of a possible 54, or 81 percent.

Table 4.13 MLHU Accreditation Levels of Compliance

Survey Year	Non-Compliant	Basic	Satisfactory	High Achievement	Total Score
2005	1(0) = 0	4(1) = 4	20 (2) = 40	1(3) = 3	47/78 = 60%
2010	1(0) = 0	1(1) = 1	5(2) = 10	11(3) = 33	44/54 = 81%

Source: OCCHA 2005b, 2010b.

Hamilton Public Health Services

As noted above, despite the preferences of staff, HPHS’ levy was reduced as provincial funding increased. The result was a more gradual increase in mandatory program spending for the HPHS

⁴⁰ For Standard 19 – Program/Service Planning and Implementation – the MLHU’s compliance level was recorded as “Standard met with suggestion for improvement and commendation”, a mixed score. All other standards received only one compliance score. In Tables 4.13 and 4.15, “standard met with suggestions for improvement” is scored as Basic, and “commendation” is scored as high achievement. In this instance, because both compliance levels were recorded, it is scored it as Satisfactory, which is in between the two.

than for the MLHU between 2005 and 2010. As illustrated by Table 4.14 below, in 2003, per capita spending was \$37.62, and in 2010 it was \$52.96, an increase of \$15.34, or approximately 41 percent. Average per capita spending across the entire period was \$46.61

Table 4.14 HPHS Per Capita Mandatory Program Spending

Year	Mandatory Program Spending (\$)	Population	\$ Per Capita
2003	19,601,724	520,990	37.62
2004	22,014,111	522,471	42.13
2005	23,191,043	523,781	44.28
2006	24,126,470	525,242	45.93
2007	25,330,360	527,867	47.99
2008 ⁴¹	26,597,000	530,970	50.10
2009	27,780,000	535,785	51.85
2010	28,613,000	540,234	52.96

Source: City of Hamilton 2004b, 2005b, 2006d, 2007c, 2008c, 2012i; Statistics Canada 2011a, 2012a.

OCCHA Accreditation Results

HPHS staff shared similar sentiments as MLHU staff with regards to accreditation through

OCCHA. As one interviewee explained:

... the actual process is a good way to challenge us to be better, but also get feedback and be assessed. Sometimes we like when people come in independently and say: “here is what you are doing well, here is where there is room for improvement.” (Interview 24)

Another staff member spoke about accountability. According to the this interviewee, accreditation “demonstrates to the funder that we are concerned with and committed to continuous improvement, that we are good stewards of the funding that we receive” (Interview 15). The two City of Hamilton politicians also agreed that accreditation is important for both accountability and health unit performance (Interviews 19 and 22). As one explained:

Accreditation provides a higher level of trust in the community. The public understands that accreditation means that there is some oversight from someone

⁴¹ The Mandatory Program Spending numbers from 2008-2010 are taken from the 2012 budget presentation to council, because the provincial cap was set lower than the subsidy assumption that HPHS staff had budgeted for. As a result, the numbers from the Mandatory Program Budget Requests are slightly off for these three years (Interview 25).

else. It is important for staff as well, to verify that they are doing things correctly. It has significant impact on morale and comfort level of staff. (Interview 19)

As noted above, HPHS also received OCCHA's maximum accreditation award in both 2005 and 2010. The letter attached to the 2005 survey includes the same general comments as the MLHU's, which is that achievement of the maximum accreditation award, "reflects the ability of the agency to provide quality public health program and services to the community" (OCCHA 2005a). It also noted that there were areas for improvement. As Table 4.15 illustrates, the modal score was satisfactory, and HPHS scored at least basic on all of OCCHA's standards. The three high achievement scores were for the standards covering Continuous Quality Improvement, Health Professionals/Health Educators, and Risk Management. HPHS staff were commended for their strong commitment and diverse approaches to continuous quality improvement, for their effective use of local health opinion leaders to encourage and model preventative interventions, and for the development of an effective and efficient process for public health risk management. HPHS' overall score was 49 out of a possible 78, or 63 percent.

The letter attached to the 2010 survey explains that "[t]he agency demonstrated a very strong overall compliance with the accreditation standards and has maintained a high level of achievement across the accreditation standards" (OCCHA 2010a). As illustrated by Table 4.15, the modal score for the 2010 survey was High Achievement, and the HPHS scored at least Basic on all of OCCHA's standards again. High Achievement was achieved for the following standards: Strategic Direction, Agency Management, Organizational Structure, Records Management, Collaboration, Research and Knowledge Exchange, Health Promotion, Health Protection and Disease Prevention, and Public Health Emergency Preparedness and Risk Management. HPHS' overall score was 45 out of a possible 54, or 83 percent. HPHS scored higher than the MLHU on both surveys.

Table 4.15 HPHS Accreditation Levels of Compliance

Survey Year	Non-Compliant	Basic	Satisfactory	High Achievement	Total Score
2005	0(0) = 0	6(1) = 6	17(2) = 34	3(3) = 9	49/78 = 63%
2010	0(0) = 0	2(1) = 2	5(2) = 10	11(3) = 33	45/54 = 83%

Source: OCCHA 2005a, 2010a.

Discussion

Based upon the results above, it is clear that mandatory program service delivery by the MLHU cost less per person than mandatory service delivery by HPHS. Between 2003 and 2010, average per capita mandatory program costs for the MLHU were \$39.34 and for HPHS, they were \$46.61. Thus, on average, a resident of the City of Hamilton paid \$7.27 more each year for mandatory public health services than a resident living in either the City of London or the County of Middlesex. However, it is important to remember that this was a growth period for the MLHU and per capita spending increased at a faster rate for the MLHU than for HPHS. Per capita mandatory program spending increased by 65 percent for the MLHU between 2003 and 2010, while HPHS spending on mandatory programs increased by only 41 percent.

Measures of efficiency are often incomplete without an accompanying quality indicator. As the OCCHA accreditation results illustrate, HPHS scored slightly better than the MLHU in both 2005 and 2010. In 2005, the total scores were three percentage points apart, with the MLHU scoring 60 percent and HPHS scoring 63 percent. In 2010, there was only a two percentage point difference with the MLHU scoring 81 percent and HPHS scoring 83 percent. The scores of both health units improved markedly between 2005 and 2010, as provincial funding increased. The MLHU did receive a score of Non-Compliant for the same standard – Physical and Financial Resource Management – in both 2005 and 2010. This result seems to indicate that maybe physical and financial resources are better managed as part of a larger unit with specialized expertise in these areas. But the infraction from 2005 was corrected between surveys and the

infraction from 2010 would have little impact on actual program delivery and it can likely be corrected for much less than \$7.27 per person.⁴²

In sum, the MLHU spends less per capita on mandatory program service delivery than HPHS. HPHS scored better than the MLHU on both accreditation surveys, but only by a small margin. And both health units achieved the maximum accreditation awards in both 2005 and 2010. Thus, the arguments made by polycentrists regarding the efficiency of special purpose bodies appear to be supported by these findings. The MLHU – which is a special purpose body – spends less per capita on mandatory programs than the HPHS – which is a municipal department – while delivering these services at a comparable level of quality.

The final measure, effectiveness, looks at one of these mandatory programs in particular: food premise inspections. This measure is included to compensate for the more high-level type of evaluation provided by OCCHA accreditation by comparing the effectiveness of both health units in meeting a specific, quantifiable, and highly visible mandatory program standard.

4.4.2. Effectiveness

Food Premise Inspections

Food premise inspections are an important and relatively comparable activity undertaken by health units across the province.⁴³ The purpose of this mandatory program is to prevent and reduce incidences of food-borne illnesses. Most people visit or consume products from fixed

⁴² The reason for the Non-Compliance score in 2005 was for lack of a written policy for tendering or the maintenance and/or disposition of assets. It appears as though this problem was corrected between surveys. However, in 2010 the MLHU was cited for not consistently undertaking monthly health and safety inspections, and for not conducting annual assessments of the Workplace Hazardous Materials Information System (WHIMIS) training needs of all staff members.

⁴³ The indicators associated with other mandatory program standards such as chronic disease prevention and the prevention of injury and substance misuse are more difficult to quantify and compare. But the Ministry of Health and Long-Term Care has developed indicators for certain other standards as part of the Accountability Agreements first introduced in 2010. Attempts were made to make comparisons for some of these, such as vaccination coverage rates for school aged children, and tobacco vendor inspections; however comparable data, for a sufficient length of time prior to 2010, was not available

food premises daily; thus, this standard has a direct impact on people's day-to-day lives. Fixed food premises included premises such as restaurants, grocery stores, convenience stores, and kitchens in hospitals and nursing homes. The MLHU and the HPHS will be compared based upon their average completion rates for all categories of food premise inspections. Comparable data was only available as far back as 2005. The number of fixed food premises changes annually. But in 2010, there were approximately 2,400 in the City of London and the County of Middlesex, and in Hamilton there were approximately 2,800.⁴⁴ Although not the case for most of the study period, both the MLHU and HPHS now have websites that allow consumers to track the results of food premise inspection results for specific establishments. The MLHU also now posts coloured inspection summary signs near the entrance of all food premises, while in Hamilton, certificates of inspection are now posted near the entrance of food premises that have passed their most recent inspection, making food premise inspection a highly visible activity in both jurisdictions. As noted above, polycentrists argue that service delivery through special purpose bodies will be more effective than service delivery through municipal departments, while consolidationists argue that the opposite is true.

There is currently no single standardized risk categorization model that is used across the province (Ontario MOHLTC 2012, 8). The ministry's risk categorization model has not yet been updated since the introduction of the OPHS, but the original risk categorization model grouped food premises according to the following characteristics:

A high risk premises is one where a wide range of foods are prepared, there are multiple preparation steps and, possibly, the customers are at greater risk of

⁴⁴ At the start of the period in 2005, there were approximately 200 high risk, 1,286 moderate risk, and 1,098 low risk food premises, for a total of 2,584 in the City of London and Middlesex County. In Hamilton there were approximately 676 high risk, 1,069 moderate risk, and 1,039 low risk premises, for a total of 2,784. In 2010, there were approximately 575 high risk, 910 moderate risk, and 901 low risk food premises, for a total of 2,386 in the City of London and Middlesex County. In Hamilton there were 730 high risk food premises, 1,032 moderate risk food premises, and 1,037 low risk food premises in 2010, for a total of 2,799.

serious foodborne illness. Examples include restaurants and nursing home kitchens. Medium risk premises are those which have a less extensive menu involving fewer preparation steps. Examples include take-out pizza outlets and sub shops. Bakeries, butcher shops and delis are also included in this category. Low risk premises generally sell only pre-packaged foods and there is little or no food handling on site: a convenience store is an example of a low risk food premise. (HPHS staff member, e-mail message to author, March 14, 2013)

This model is “fairly subjective” in that there is no standardized scoring system, but both the MLHU and HPHS try to utilize it consistently when conducting risk assessments (HPHS staff member, e-mail to author, March 14, 2013; MLHU staff member, e-mail message to author, March 20, 2013).

The fixed food premise inspection schedule has remained the same under both the MHPSGs and the OPHS. It is as follows:

The board of health shall conduct inspections of all fixed food premises in accordance with the following minimum schedule:

- i) Not less than once every four months for high-risk food premises;
- ii) Not less than once every six months for moderate-risk food premises; and
- iii) Not less than once every 12 months for low-risk food premises.

However, at least for high risk food premises, this schedule was not strictly adhered to prior the introduction of the accountability agreements in 2010. Before 2010, high risk premises that were inspected three times a year were recorded as being completed, even if the inspections were not done once every four months as laid out in the standard (MLHU staff member, e-mail message to author, February 28, 2013). With the new accountability agreements inspections do not count unless they are completed according to the inspection schedule.

Results

As Tables 4.16 and 4.17 below illustrate, there was considerable variation both within and between health units for different years and for different risk categories. Nonetheless, between 2005 and 2010, HPHS had higher average food premise inspection completion rates across all

three risk categories and its overall annual average was also higher. For all six years, the average annual completion rate for HPHS was 85 percent, while the MLHU's was 73 percent. The only year that the MLHU had higher inspection completion rates across all categories was 2009, which was the year of the global H1N1 pandemic. This was clearly a challenging year for both health units, as health unit staff from all program areas were needed to support efforts to manage the pandemic (Interview 16).

Table 4.16 MLHU Food Premise Inspection Completion Rates⁴⁵

Year	High Risk (%)	Medium Risk (%)	Low Risk (%)	Annual Average (%)
2005	76	55	51	61
2006	87	96	37	73
2007	92	91	52	78
2008	84	81	64	76
2009	63	67	53	61
2010	84	99	87	90
Category Average (%)	81	82	57	73

Source: MLHU staff member, e-mail message to author, November 7, 2012.

Table 4.17 Hamilton Public Health Services Food Premise Inspection Completion Rates⁴⁶

Year	High Risk (%)	Medium Risk (%)	Low Risk (%)	Annual Average (%)
2005	97	94	95	95
2006	94	91	86	90
2007	97	96	90	94
2008	80	86	82	83
2009	45	39	76	53
2010	87	95	96	93
Category Average (%)	83	84	88	85

Source: City of Hamilton 2006a, 2012h; HPHS staff member, e-mail message to author, December 7, 2012.

In terms of annual averages across categories, the general trend for MLHU's inspection completion rates was upwards, except for 2009. These findings support comments made by

⁴⁵ All category and annual averages were rounded to the nearest percent, because the MLHU reported all of its inspection completion rates as whole numbers.

⁴⁶ All category and annual averages were rounded to the nearest percent, because HPHS reported all of its inspection completion rates as whole numbers.

MLHU staff indicating that the health unit is now doing better in terms of meeting the mandatory program requirements than it was prior to the increase in funding (Interviews 16, 17, and 18). As one staff member summarized, “[w]e are not 100 percent compliant, but we are in a better position than we were back then” (Interview 17). Except for 2008 and 2009, HPHS’ annual average completion rates were all 90 percent or higher. As one staff member explained, it is difficult to get completion rates much higher than this. According to this interviewee, “... no one is 100 percent compliant. If someone is saying they are 100 percent compliant they are either fudging it, or they are not doing all of the inspections” (Interview 15). In addition, there is very high turnover in the food industry and food premises open and close frequently, making even keeping an accurate inventory difficult (MLHU staff member, e-mail message to author, March 20, 2013). Based on the results in the tables, it appears as though MLHU inspectors prioritize high and moderate risk food premise inspections at the expense of inspections of low risk food premises, whereas HPHS inspectors attempt to achieve high completion rates across all three standards. The one troubling finding for both health units is that its inspections rates for high risk premises – which are the most important – seem to be on a downward trend. But this trend can be at least partially explained by HINI in 2009 and stricter reporting requirements since 2010.

Discussion

The results in Tables 4.14 and 4.15 indicate that during this period, the HPHS was more effective than the MLHU at completing the mandatory food premise inspection requirements. This finding supports the consolidationists’ claim that general purpose governments are more effective than special purpose bodies. However, earlier findings regarding per capita mandatory program spending are also instructive in interpreting these results. The HPHS enjoyed a consistently high level of funding compared to the MLHU over this period, especially earlier on when spending

increases were just starting to materialize for the MLHU. Thus, much the same as was the case for the accreditation results, higher relative health unit performance in terms of food premise inspections may be at least partially linked to higher spending.

4.5. Conclusion

On the surface at least, the collective findings in this chapter tell a somewhat confusing story. The one thread that seems to hold it together, however, is the different behaviour exhibited by the two health units. The findings from the first measure, which compared health unit levy growth to overall municipal expenditures, carry through the rest of the chapter. During a time of increased provincial funding for public health, the MLHU was able to take advantage of this opportunity by keeping municipal contributions static. The City of London initially agreed to this arrangement, but when the province began to cap its annual spending increases and the time-frame for reaching the 75/25 split was pushed back, the City was unable to bring the MLHU back under control. The HPHS on the other hand, was unable to make the same case as the MLHU, and the City of Hamilton reduced its levy contribution alongside the provincial increase. As a result, cost-shared program funding increased at faster rate for the MLHU than it did for HPHS between 2003 and 2010. The MLHU's levy growth did not exceed the growth of London's overall expenditures, but the City was unsuccessful in its efforts to have the MLHU reduce its levy. This finding supports the arguments made by the consolidationists, because, at least during a growth period, the City of London had less control over the MLHU's levy than the City of Hamilton had over the HPHS'. Nonetheless, as the per capita spending numbers for staffing and mandatory programs illustrate, the MLHU was funded at a much lower relative level than the HPHS prior to the funding increase and was still well behind HPHS at the close of 2010.

The findings regarding staffing and administrative costs seem to support the arguments made by the polycentrists regarding the relative flexibility and efficiency of specialized governments. HPHS has more staff per capita and spent on average \$6.37 more per capita on staffing than the MLHU between 2004 and 2010. One of the main arguments put forward by consolidationists is that specialized jurisdictions are unable to achieve the same cost savings through the sharing of personnel and resources as general purpose governments. At least for health units servicing similar populations, this does not seem to be the case. The levy trend carries through here as well, as per capita staffing spending increased at a faster rate for the MLHU than the HPHS during this period, but HPHS is still a heavier organization, in terms of staffing than the MLHU.

Per capita staffing requirements tell part of the story regarding the relative efficiency of these two health units. However, there are other cost-drivers as well, and the findings for staffing costs were lacking an accompanying quality indicator. Again, the findings regarding the efficiency of mandatory program spending seem to support the polycentrists' arguments. Between 2003 and 2010, residents of the City of Hamilton paid on average \$7.27 more each year for mandatory public health services than residents of the City of London and the County of Middlesex. Both HPHS and the MLHU received the maximum accreditation award through OCCHA in 2005 and 2010, but HPHS did slightly better on both surveys. While OCCHA accreditation is not a perfect proxy for the quality of health unit performance, it is the most consistent and comprehensive indicator available. Thus, HPHS spent more, per capita on mandatory programs, and according to OCCHA's principles and standards, the administrative and operational components of the health unit are functioning at slightly better quality than at the MLHU. This does detract some from the relative efficiency of the MLHU, but as noted above,

the accreditation results were close for both surveys, and the 2010 results were even closer than the 2005 results. Both health units did much better on the 2010 survey, and it seems likely that the MLHU can improve on its shortcomings without requiring all City of London and County of Middlesex residents to pay over seven dollars extra for mandatory programs. Again, because the MLHU was able to withstand pressures from the City of London to reduce its levy contribution, mandatory program spending increased at a faster rate for the MLHU than HPHS.

Including food premise inspection completion rates as a measure of effectiveness was intended to overcome some of the shortcomings of the OCCHA accreditation results as a quality indicator. As noted above, OCCHA accreditation centers on the operational and administrative functions of health units, rather than actual achievement of specific mandatory program targets. Food premise inspection is only a small part of what health units do, so it has its shortcomings as a quality indicator as well. Nonetheless, food premise inspection completion rates are quantifiable and comparable, and individual health units have more control over these than other mandatory program standard indicators in areas such as chronic disease and injury prevention. HPHS' average food premise inspection completion rates were better than the MLHU's across most years and across all risk categories. HPHS' average completion rate was 85 percent, while the MLHU's was 73 percent. These results seem to support the consolidationists' arguments that general purpose governments are more effective than special purpose bodies. HPHS seems to have had the professional capacity to better manage food premise inspection than the MLHU during this period. However, the increasing levy trend runs through this finding as well, as annual average completion rates for the MLHU did improve relative to HPHS over this period.

In sum, the findings from this chapter are mixed. Consolidationist arguments regarding the limited control that municipalities have over the budget of special purpose bodies and the

relative effectiveness of general purpose government versus specialized government seem to hold. Polycentrist arguments regarding the relative efficiency of specialized jurisdictions are also supported. All of these findings, however, require some explanation. The MLHU was not wildly out of control in terms of its levy growth during this period. Its intent was to take advantage the increase in provincial funding, because it was one of the lowest funded health units in the province prior to 2005. And its levy did not change between 2004 and 2010. Hamilton may spend more per capita, but it also performed better on the OCCHA accreditation surveys and food premise inspection completion rates. This gap in performance seemed to be closing as the MLHU's funding increased.

The MLHU's autonomy allowed it to seize upon the opportunity presented by the provincial funding increase, while the board of health in Hamilton – which is municipal council – used it as a way to reduce municipal spending on public health and saw more modest increases in public health funding as a result. When the funding formula was 50/50 the MLHU board took its budget direction from the City, but with the funding shift to 75/25 this practice was ended and the MLHU board became more assertive in its relationship with the City. In general terms, this finding seems to indicate that special purpose bodies, which are more autonomous from municipal councils and have their mandate laid out in provincial legislation, will be more likely to seize upon provincial initiatives that enhance their ability to pursue their mandate. This hypothesis is largely unanticipated in the U.S centered debate between polycentrists and consolidationists. But it is certainly important in the Canadian context, where many special purpose bodies are created to coordinate municipal and provincial interests. This hypothesis will be tested in the conservation authority chapter. But first is the chapter on economic development. This is a policy area where the provincial government has less direct involvement.

Chapter Five

Economic Development

Polycentrists and consolidationists also disagree over whether specialized or general purpose governments are likely to be more accountable to the public, are better able to achieve policy coordination, or are more susceptible to the influence of private interests. Using economic development as a case study, this chapter compares the two lead economic development agencies in London and Hamilton: the London Economic Development Corporation (LEDC) – which is a special purpose body – and the City of Hamilton’s Economic Development Division – which is part of a municipal department – on these variables. In short, polycentrists argue that specialized governments are more accountable, that they are capable of coordinating their activities through cooperation or competition, and that they are less susceptible to the influence of private interests. Consolidationists argue the opposite on all counts. Together, the three measures developed for this chapter – accountability, policy coordination, and the influence of private interests – are designed to gauge the relative power of business when economic development services are delivered by a special purpose body or a municipal department.

In the local government literature, distinctions are often made between different categories of local services (Peterson 1981; Foster 1997). In general, local services are divided into three categories: social welfare or redistributive functions, allocational functions, and developmental functions. The other two case studies in this dissertation are concerned with allocational functions, whereas economic development is a developmental policy area. Another important difference for economic development is that apart from putting limits on inter-local competition, provincial governments are not as directly involved in the setting of local economic development policies as they are with public health or watershed management. Economic

development is one of the 11 spheres of jurisdiction for which Ontario municipalities have been granted considerable autonomy. Municipalities may seek intergovernmental grants for specific economic development purposes, but they are generally free to determine their own economic development strategies. Unlike public health and watershed management, Ontario municipalities have greater flexibility to experiment with different service delivery structures for economic development purposes. Moreover, economic development corporations, like the LEDC in London, are established as non-profit business corporations and do not have any authority over municipal governments through provincial legislation. If a municipality decides to create or terminate a contract with an economic development corporation, it can do so at its own choosing. Because of greater municipal control over economic development and the nature of this policy area, the policy implications of structural variation are likely to be different than they are for public health and watershed management.

This chapter is divided into five sections. The first provides some background on the policy area in general, on the lead agencies for economic development in both London and Hamilton, and on their relationships with the municipal councils that they report to. The second borrows a measure for public accountability from the literature on arm's length governance in the United Kingdom, and assesses the extent to which the LEDC and Hamilton's Economic Development Division meet its criteria. The third is concerned with policy coordination. It will assess whether economic development policy is better coordinated under London's fragmented structure, or Hamilton's consolidated structure. The fourth explores the relative influence of private interests over economic development policies under both structures. The fifth concludes. The findings from this chapter indicate that for developmental policy areas, specialized governments are less accountable, experience greater coordination challenges, and are more

susceptible to the influence of private interests than general purpose governments. Thus, the hypotheses of the consolidationists are supported for all three measures.

5.1. Case Background

Most local government services in Canada are funded through property tax revenue. Local economic performance, service delivery, and property tax levels are all closely linked, and there is competition amongst municipalities to attract and retain mobile capital. In comparison with the United States, inter-local competition in Canada is constrained because of more interventionist provincial policies and higher levels of intergovernmental support (Savitch and Kantor 2002). For example, Canadian municipalities are legislatively prohibited from offering selective financial incentives to businesses. Municipalities in the U.S. are not (Keating 1991, 71-72).

Much has been written about the extent to which local economic development policies play a role in attracting and retaining private investment (Wolman 1988; Feiock 1991; Wolman and Spitzley 1996; Moon-Gi Jeong and Feiock 2006; Polèse 2009). The general consensus in this, mainly U.S. based, literature, is that although there is considerable uncertainty regarding the extent to which local economic development policies play a role in the locational decisions of firms, local politicians have strong incentives to cultivate a favourable business environment. Even if they are ineffective, development policies that offer direct support to businesses such as financial incentives and tax abatements provide politicians with opportunities for credit-claiming and blame-avoidance (Wolman 1988, 25). Indeed, even in Ontario where municipal bonusing is illegal, many municipalities sell shovel-ready industrial land for less than it cost them to purchase and service it. This type of inter-municipal competition is viewed negatively by both consolidationists and polycentrists. Consolidationists argue that large general purpose governments would help to reduce the level of zero-sum competition within metropolitan areas,

while polycentrists argue that the use of incentives skews investment decisions towards what are actually sub-optimal locations (Feiock 2002, 123-24).

A goal of this chapter is to assess whether structural variation is likely to lead to more or less development competition of this nature. The delivery of local economic development services can be organized in a number of ways, but a key difference is whether the lead actor is a municipal department or a specialized agency. In London, economic development services are delivered by a special purpose body, while in Hamilton they are delivered by a municipal department.

The London Economic Development Corporation (LEDC)

The London Economic Development Corporation (LEDC) was established in 1998. Prior to that, economic development was delivered through a municipal department. The City of London's original intent was to create a mostly self-funded downtown development corporation, but there was little enthusiasm for such an organization amongst members of the local business community. There was support, however, for a development corporation that would be responsible for economic development city-wide (City of London 1998, 6; Cobban 2003, 238). In September 1997, a local business organization called Advance London and the London Chamber of Commerce together submitted a proposal to council for the creation of a public-private economic development corporation. According to one interviewee, the City originally wanted the public-private partnership to be more advisory in nature, but all of the original private sector appointees threatened to resign unless the board was given full governance control over the organization (Interview 29). The City was in a rather weak bargaining position as most senior economic development staff had already resigned or retired ahead of this impending structural change, and ultimately agreed to give the LEDC more autonomy. Advance London's proposal

was endorsed by council in October 1997 and The LEDC was established as a non-profit corporation under the Ontario Corporations Act. It entered into its first service agreement to deliver economic development services for the City of London in early 1998 (City of London 1998, 2; Cobban 2003, 238-39).

The status and organization of the LEDC, the services it delivers, its annual grant, and its reporting relationship to the City are formalized in Purchase of Service Agreements between the City and the LEDC. These agreements are renewed periodically. The time period under study in this dissertation (2001-2010) is covered by agreements signed in 2000, 2005, 2006, 2007, and 2008. Originally, the LEDC's board had 17 members: five were nominated by the City of London and 12 were representatives from the business community. The City's representatives included: the mayor, one councillor, one controller (a member of the board of control – see Chapter Three for information on the board of control), the city manager, and one citizen-at-large. As part of the 2006 Purchase of Service Agreement, the number of City appointees was reduced to the mayor and the city manager. The city manager became a non-voting member and the other three seats vacated on the board were not replaced.⁴⁷ Interviewees varied in their explanations of why this change was made. One explained that it was because the City appointees were not making valuable contributions (Interview 29), while others thought that having that many politicians on the board defeated the purpose of having an arm's length agency (Interviews 31 and 35). As a former City staff member noted, “most board members were intimidated by the councillors, because they took up too much of the conversation, had very strong views in terms of their expectations, and their expectations to a large extent were not realistic” (Interview 35).

⁴⁷ The general manager of the London Chamber of Commerce also holds an ex-officio position on the board. This position is also a non-voting position (Interview 37).

The wording of the list of services provided by the LEDC changed slightly between the 2000 and 2005 Purchase of Service Agreements, but otherwise the list has remained the same. As per the agreements, the LEDC is required to: act as the primary economic development body on behalf of the City; assist local businesses with expansions, relocation within the city, and retaining their operations within the city; attract new business to the city; provide site location assistance and analysis for potential new businesses; market and promote the city to existing and potential new business ventures; identify and establish suitable partnerships throughout the community and wherever necessary in order to meet the economic objectives of the City; and provide guidance and leadership in the development of the local and regional workforce (City of London 2005c). For these services, the City provides annual funding to the LEDC, which has increased from approximately \$1.3 million in 2001 to just over \$2 million in 2010 (City of London 2000b; 2008b; 2011a, 25). In terms of oversight, the City approves the LEDC's annual budget and LEDC representatives meet with council at least quarterly and with the city manager monthly.

It is important to note that key economic development functions such as the sale of City-owned industrial land and development approvals are done in-house by municipal departments. In addition, separate arm's length organizations deliver other aspects of the City's economic development agenda. These include the Stiller Centre (which commercializes technology research), TechAlliance (which supports and represents technology businesses), the Small Business Centre (which assists entrepreneurs set up new businesses), the London Downtown Business Association and MainStreet London (which focus on the downtown), Tourism London and the Convention Centre. Efforts have been made to coordinate the activities of these different

agencies, but these proved too acrimonious and were never fully carried out. Much more will be written about this in the section on policy coordination.

Relationship between the LEDC and the City of London

Most interviewees pointed to both positive and negative aspects of the relationship between the City and the LEDC, but they differed in terms of emphasis. Some explained that while there are disagreements, the City sees a good return on its investment in the LEDC's services (Interviews 31 and 32). Others described the relationship as mostly strained (Interview 35 and 37).

Beginning first with the positive aspects, most interviewees noted that prior to the creation of the LEDC, the City's economic development efforts were largely ineffective and often mired in political interference (Interviews 29, 30, 31, 32, and 37). Municipal politicians and staff from both the City and the LEDC agreed that the creation of the LEDC as an arm's length agency with a board of knowledgeable business people was a good way to pull in people with unique insights into how to attract businesses, the ability to develop peer-to-peer relationships with potential investors, and an understanding of how important confidentiality is in any potential deal (Interviews 29, 30, 31, 32, and 35). The LEDC is also much more involved with potential investors than City staff (Interview 30). Once the LEDC lands a client, they sell themselves on being "the air under their wings for as long as they are in London" and help do things like find a family doctor, drum up job prospects for spouses, and select suitable accounting and legal firms (Interviews 29 and 30).

Initially, the LEDC operated with considerable independence from council (Interviews 29 and 30). The LEDC's original president and CEO, John Kime, protected this independence "religiously" (Interview 29). According to a number of interviewees, he took a rather "brash" approach in his dealings with council, and viewed himself as an agent of the board rather than of

council or the city manager (Interviews 29, 31, and 35). Because of the City's poor track record of expanding the employment base when economic development was delivered in-house, council was originally happy to give the LEDC free rein. According to a City of London staff member, council basically said, "here, you take the whole thing and do with it what you can" (Interview 30). And indeed, the LEDC had much success attracting companies, mainly from the auto sector, in its early years. However, when the sector began to run into trouble in the mid-2000s, the LEDC's function and productivity were called into question. The City pushed the LEDC to broaden its focus to include advanced manufacturing, healthcare, technology, and transportation firms (Interviews 35 and 37). This led to the departure of the president and CEO, and the replacement of a number of board members (De Bono 2006a, 2007).

The events surrounding the departure of the original president and CEO were used as an example of some of the more problematic aspects of the relationship between the City and the LEDC. According to a number of interviewees, municipal politicians generally have a difficult time giving up control over economic development, because they like the subject matter and job creation often figures prominently in their election platforms. As a result, they are often quick to blame the LEDC when they are not getting the results that they want (Interviews 29, 31, 35, and 37). A former municipal politician explained that the conversation on council then turns to questions about whether the LEDC is the right partnership for the City and whether it should be brought in-house (Interview 31). For the LEDC's part, a former City staff member explained that, "John Kime simply did not do the work in terms of building the relationship with council. I think that he was fairly distant from them and they wanted a change. Kime wanted complete hands off and that just really wasn't realistic" (Interview 35). There was a sense among interviewees that the subsequent president and CEO, Peter White, is different (Interviews 35 and

37) and that he “better understands the nuances of council” (Interview 31).⁴⁸ However, the relationship still has its challenges because “the economy is not where it should be and unemployment rates are high” (Interview 35).

The City of Hamilton’s Planning and Economic Development Department

The structure for the delivery of economic development services in Hamilton is very different. While it underwent a number of changes between 2001 and 2010, a municipal department was always the lead agency. Immediately following amalgamation, economic development services were delivered by a stand-alone department, which reported directly to the city manager. The Committee of the Whole was the lead council committee. Tourism became the responsibility of Tourism Hamilton and convention services became the responsibility of Hamilton Entertainment and Convention Facilities Inc. (HECFI). Tourism Hamilton had a separate advisory board, but remained a division of the Economic Development Department (Interview 26). HECFI’s board had more independence and had already been managing the City’s entertainment venues since 1985 (see Chapter Three for more information about HECFI).

In 2004, the Planning and Economic Development Committee became the lead committee for Economic Development. And in April 2005, the Economic Development Department was merged with the Planning Department. More precisely, Economic Development became a division within the Planning and Economic Development Department, reporting to the department’s general manager. Other divisions within the department included: Building and Licensing, Development and Real Estate, Downtown Renewal, and Long-Range Planning. Despite these changes, the business community, frustrated by perceived instances of political interference and what it felt were cumbersome bureaucratic processes, continued to advocate for

⁴⁸ After this chapter was written (late summer 2013), Peter White left the LEDC for a position at Western University.

the creation of a private-sector led economic development corporation (Interview 34). Partly in response to these concerns, council commissioned a consultant to review the delivery of economic development services. The subsequent report, received in early 2007, recommended that economic development services continue to be delivered by a municipal department, that the division's budget be increased, and that a business advisory group be created to provide strategic advice to council (which was named the Jobs Prosperity Collaborative – more will be written on this group in the section on policy coordination). In concert with the implementation of these recommendations, the department also underwent further organizational change. Downtown Renewal and Real Estate became sections of the Economic Development Division. And all of the sections within the Economic Development Division were moved to the same floor at City Hall. A number of new positions were also created with the intent of focusing the City's attraction and retention efforts. And the functional reach of the department was expanded. The divisions reporting to the general manager of the Planning and Economic Development Department now included: Development Engineering, Growth Planning, Planning, Economic Development, Parking and By-law Services, Tourism and Culture, Building Services, and Strategic Business Planning. The name of the lead committee was also changed to the Economic Development and Planning Committee. Throughout all of these changes, the budget allocated for the former Economic Development Department, now division, increased from approximately \$1.2 million in 2001 to \$3.4 million in 2010 (City of Hamilton 2002c; 2011b).

Relationship between the Economic Development Division and Council

Most interviewees explained that council has been generally supportive of the work of the Economic Development Division since the funding increase in 2008. Prior to 2008, however, there was a sense that the City was losing out on economic development opportunities to nearby

municipalities, because council was often divided on economic development issues, development approvals seemed to be longer and more onerous than in other municipalities, and the city was unable to shake its old industrial image. Moreover, economic development staff felt as though there was some confusion and overlap regarding roles and responsibilities within the department, and that they lacked both a sufficient profile within the organization and the necessary resources and autonomy to do their job effectively (Macintyre 2007, A1; The Randolph Group 2007; Interviews 26 and 33). Although there was some initial reluctance on the part of some councillors to agree to the reorganization and its associated funding increase, support for this model has grown over time (Interviews 26, 34, and 36). As one staff member explained, "... We have council buy in. We got a million and a half dollar increase in 2008 when we brought in the new model. We said to council that we would deliver results, and we have, and they are very satisfied" (Interview 26).

Notwithstanding broad support for the model, some politicians and staff were unhappy having the Planning and Economic Development Committee as the lead committee for economic development issues, because planning matters often took up the majority of the agenda and not all councillors sat on the committee (Interviews 26 and 27). Many felt that economic development has city-wide impacts and that separating it from planning at the committee level and involving the entire council would allow for a more "fulsome discussion" (Interview 27). When the new council took office in late 2010, economic development issues were moved to the General Issues Committee, which includes all of council. There are also longstanding disagreements among politicians regarding certain priorities of the Economic Development Division, such as reducing the industrial property tax rate and the creation of an employment district surrounding the airport (more will be written about these policy issues later), but

according to most interviewees many of the more deep seated issues have been resolved (Interviews 26, 27, 33, 34, and 36). A staff member explained that although “different factions on council” remain, most councillors view economic development issues as important, and they see value in having some influence over decision making in this policy area (Interview 27).

As illustrated above, there are clear structural differences between the delivery of economic development services in London and Hamilton. In London, the lead agency is a special purpose body, and a number of other autonomous agencies also deliver components of the City’s economic development agenda. In Hamilton, the lead agency is a municipal department and there are fewer autonomous agencies involved in the delivery of economic development services. The rest of this chapter will assess the implications of these differences for accountability, policy coordination, and the influence of private interests.

5.2. Accountability

Accountability is an important variable in debates regarding the shift towards more decentralized forms of governance (Koppell 2003; Skelcher 2005; Bovens 2007; Papadopoulos 2010).

Concerns regarding democratic accountability are often amplified in discussions regarding specialized governments with appointed representatives, because they are at least one step removed from the electoral process. For specialized governments as they exist at the local level in Ontario, the hypotheses of polycentrists regarding accountability are tied to their arguments about the governance of metropolitan areas. They maintain that increasing the number of governments within a metropolitan area – through both geographical fragmentation and functional specialization – has a positive effect on the behavior of public officials and on rates of citizen participation, thereby improving accountability (E. Ostrom 1972; Bish 2001). The fact that only one LEDC board member is an elected representative would be problematic for most

polycentrists (Bish 2001; Frey and Eichenberger 2001), but because the LEDC operates under a contract with the City, the principal agent relationship is clearer than in instances where the province is more involved. The polycentrists' distinction between the production and the provision of public goods is important here. The City of London provides economic development services to its residents through a contract with a producer: the LEDC. If the City of London is unhappy with the LEDC's performance it can change, cancel, or choose not to renew its contract.

Consolidationists argue that the relatively low political visibility of specialized governments confuses citizens and insulates them from public control, making them less accountable than general purpose governments. Accountability is further eroded because this confusion affords politicians more opportunities for blame-shifting when things go wrong and credit-claiming when they go right (Lowery 2001, 12). Despite the prevalence of these practices, Consolidationists maintain that in reality, appointed board members – some of whom are elected politicians – often defer to the professional advice of staff and have only limited influence over the decision-making process in specialized governments (Leach 1996, 75; A. O'Brien 1993, 105-107). Combined, these characteristics limit the opportunities for citizen oversight of or involvement with specialized governments.

In the accountability literature, many attempts have been made to characterize or measure the accountability of bureaucracies, specialized agencies, and policy networks (O'Loughlin 1990; Mitchell 1993; Bovens 2007; Schillemans 2008). Accountability is often used in a rather broad sense and often takes on different meanings for different people; this can make measuring accountability rather difficult. Towards this end, Skelcher, Mathur, and Smith (2005) have developed a Governance Assessment Tool (GAT) to measure the democratic performance of partnership governance in the United Kingdom. The GAT has criteria for public access, internal

governance, member conduct, and external accountability. The criteria for public access and external accountability, with some minor changes to allow for a transfer to Ontario, capture the main arguments raised by polycentrists and consolidationists about accountability. For polycentrists it is important that citizens can make their wishes known to decision makers, and that municipal governments have the necessary information to be able to monitor and enforce contracts (Bish 2001). Likewise, for consolidationists it is important that decision making is visible and lines of accountability are clear. The modified GAT criteria are listed in Tables 5.1 and 5.2 below. If a criterion is met it is scored as a one, if it is not met it is scored as a zero. Criteria that are practically met are scored as 0.5. The hypothesis is that the City of Hamilton's Economic Development Division will score higher than the LEDC on the GAT, because the LEDC was created specifically to provide some distance between the political process and decision making on economic development policy.

Results and Discussion

The London Economic Development Corporation

As Table 5.1 shows below, the LEDC scored only 5.5 of a possible 15 points or approximately 37 percent on the GAT. The LEDC did not score a single point on public access, but did better on external accountability. This is not necessarily surprising, as the LEDC was created to separate politicians from economic development, but the GAT does help to illustrate the extent to which LEDC decision making is visible to the public and how it reports to the City of London. Dealing first with the public access criteria, during the study period meetings of the LEDC were not advertised, and the press and public did not attend board meetings. The two LEDC staff members interviewed explained that board meetings are closed to the press and the public (Interviews 29 and 32). However, two interviewees from the City of London explained that while

there was never any press or members of public at the meetings, they were not sure whether the portions of meetings that were not in-camera were actually closed to the public (Interviews 31 and 35). Either way, it is difficult for people to attend a meeting that they do not know about and it is clear that the board did not make any effort to encourage the media or members of the public to attend meetings. Moreover, most reports considered by the board and minutes of the meetings were not seen by the public. The LEDC released some documents, such as its workforce development strategy, but most of its strategic documents are not available to the public (Interview 32). As mentioned above, the City also delivers certain economic development functions, such as the sale of industrial land, and makes decisions on policies such as development charge rates and the industrial property tax rate. As a former municipal politician explained, “if a major company needed to buy land, they would need to come to council anyway” (Interview 31). So certain aspects of the LEDC’s work do eventually become public knowledge, but this is through the City rather than the LEDC.

The LEDC held its first annual general meeting (AGM) in 2010. This meeting was open to the public; however, much of the actual business that took place, such as approving the financial statements and business plan, was done behind closed doors (Interview 32). Because only one AGM was held during the study period and the closed nature of the board component of the meeting, the LEDC was given still given a score of zero for this criterion.

Table 5.1 LEDC’s GAT Score

Governance Assessment Criteria	Score
Public Access	
Are meetings of the LEDC board advertised?	0
Are meetings of the LEDC board open to press and public?	0
Are the public entitled to see reports of the LEDC board?	0
Are the reports that the LEDC board will consider available for the public to consult prior to the meeting?	0
Are the public entitled to see minutes of the LEDC’s board meetings?	0
Is there an annual general meeting that the public can attend?	0

External Accountability	
Does the LEDC have to prepare an annual report?	0
Does the LEDC have to prepare an annual budget?	1
Does the LEDC have to submit an audited annual financial report to the City?	1
Is the LEDC subject to external inspection?	0.5
Is there a complaints process available to citizens or service users?	0.5
Is the LEDC under the jurisdiction of an ombudsman?	0
Is the LEDC required to meet targets agreed to with city council?	1
Does the LEDC have to make formal reports to council?	1
Can members be recalled by their nominating bodies?	0.5
Total	5.5/15

In regards to the external accountability criteria, the LEDC also only prepared one annual report, to coincide with the AGM in 2010 (Interview 32). Requirements for more detailed reporting were introduced in the 2012 Purchase of Service Agreement, but for the time period covered by this dissertation, the LEDC was not required through the Purchase of Service Agreements to prepare an annual report. A score of zero was given for these reasons. The LEDC does prepare an annual budget, which is approved by council. However, council approves the budget as a single line item and does not closely scrutinize how the LEDC allocates its spending (Interviews 29 and 35). There has been some tension between the City and the LEDC over the size of the LEDC's reserve account, but this was not resolved during the study period (De Bono 2012; Interview 35). The Purchase of Service Agreements state that the LEDC must submit an annual business plan as part of its budget ask, but there was disagreement between interviewees as to whether the City actually approves this plan (Interviews 29 and 30), or whether it is approved by the LEDC board and then presented to council for informational purposes (Interview 32). Moreover, City staff were unable to locate any business plans from the LEDC prior to 2012 (City of London staff member, e-mail message to author, June 24, 2013). The LEDC's annual financial reports are audited and the City receives a copy. There is no requirement for routine external inspection of the LEDC by a third party in the service

agreements. But the City did review the mandates and operations of the LEDC, TechAlliance, and the Stiller Center as part of a consultant-led process in 2005 (discussed below). And much of the LEDC's work is still driven by some of the recommendations that came from this report (Interview 32 and 35). A score of 0.5 was given as a result. The LEDC does not have a formalized complaint process in place, but if citizens or service users are unhappy with the services delivered by the LEDC, complaints would go through the LEDC or the City, and would end up on the desk of the president and CEO (Interview 29). Again, a score of 0.5 was given for this criterion. The LEDC is not under the jurisdiction of an ombudsman.

There is very little in the Purchase of Service Agreements regarding performance targets that the LEDC must meet, but the LEDC does include these in its reports to council. The most frequently reported measures include job creation and assessment base growth (LEDC 2007, 2008, 2009). The LEDC also tracks unemployment and other labour force statistics, building permit activity, the strength of the commercial and industrial real estate market, the amount of foreign direct investment, and the indirect benefits of new investments (Interviews 31, 32, and 35). Much of this information can be found on the LEDC's website. The LEDC is required through its service agreements with the City to make formal reports to council. The frequency of these meetings – at least as laid out in the agreements – and who is required to attend has changed over time. The 2000 agreement required “representatives of the LEDC's Board of Directors” to meet as often as quarterly. The 2005, 2006, and 2007 agreements required annual meetings. The 2008 agreement required the “president and chief executive officer” of the LEDC to have semi-annual meetings with council and an annual meeting with the board of control. All of the agreements also require the president and CEO of the LEDC to meet at least monthly with the city manager. There is also project specific reporting, as the LEDC often brings clients to

council for endorsement (Interviews 30 and 31). According to a former LEDC staff member, the original chair of the LEDC would often serve as the LEDC's representative to council. This practice was in line with the degree of independence that the LEDC initially had from the City. The president and CEO of the LEDC reported to the board of the LEDC and then the chair of the board would act as the point person between the LEDC and the City (Interview 29). The change in wording put a formal end to this practice in 2008; however, the new president and CEO had already shown a greater willingness to come to council than his predecessor (Interview 31). Lastly, besides the mayor, members of the governing board can be recalled. Members are appointed and re-appointed through a board-led process. The LEDC received a score of 0.5, because the City's influence over this process is limited (Interview 29). As mentioned above, the City did play a role in replacing a number of board members at the time of John Kime's departure, but it needed the cooperation of other board members who favoured a similar change in direction in order to do so (Interview 35).

In short, the LEDC scored poorly on the GAT. Public access to the decision-making process of the LEDC is virtually non-existent. The LEDC scored better on external accountability; however, according to these criteria its reporting relationship with the City is still rather narrow.

The City of Hamilton's Economic Division

As illustrated by Table 5.2 below, the City of Hamilton's Economic Development Division scored 12 out of 15 or 80 percent on the GAT. This is a much higher score than the LEDC. Indeed, accountability to voters was viewed as one of the key advantages associated with delivering economic development services through a municipal department (Interviews 27 and 36). As mentioned above, the lead committee for the Economic Development Division changed a

number of times during the study period. From 2001 to 2003 it was the Committee of the Whole, from 2004 to 2006 it was the Planning and Economic Development Committee, and from 2007-2010 it was the Economic Development and Planning Committee (City of Hamilton 2003a, 2006b). But the same rules regarding the public access and accountability criteria were followed. For the purposes of the GAT, the lead committee will be mainly referred to as the Planning and Economic Development Committee (because the department shares the same name). Municipal council is ultimately responsible for all municipal departments, but committees are often used to divide labour amongst councillors. Most decisions still require council approval. Meetings of the Planning and Economic Development Committee are advertised and open to the press and the public. For the most part, committee reports and agendas were made available prior to meetings and the public is entitled to see minutes from the committee meetings. There are exceptions, such as when the committee or council goes in-camera to discuss the sale of City-owned land. For example, council agreed to sell 25 acres of City-owned land to Canada Bread at a meeting in February 2010, but the minutes and report from the in-camera session were not released until November 2011 (City of Hamilton 2010a).

The Economic Development Division does not hold an AGM. Indeed, this is not a common practice amongst municipal departments. The GAT was designed to evaluate arm's length agencies, so it may not be entirely fair to hold municipal departments to this standard. Nonetheless, the decision was made to include this criterion, because it does help to illustrate the accountability relationships that exist under different service delivery structures. It is important to note, however, that the Economic Development Division does engage in stakeholder and public participation each time it updates its economic development strategy, and the public can attend and make presentations at committee meetings. Moreover, the annual reports put out by

the departments have always been presented to council as a whole, sitting as either the Committee of the Whole, or the General Issues Committee (Interview 36). Even though the Economic Development Division does not have a formal AGM, the affected public still has much better access here than they do at the LEDC. A score of 0.5 was given as a result.

Table 5.2 The City of Hamilton's Economic Development Division's GAT Score

Governance Assessment Criteria	Score
Public Access	
Are the meetings of the Planning and Economic Development Committee advertised?	1
Are meetings of the Planning and Economic Development Committee open to press and the public?	1
Are the public entitled to see reports considered by the Planning and Economic Development Committee?	1
Are the reports that the Planning and Economic Development Committee will consider available for the public to consult prior to the meeting?	1
Are the public entitled to see minutes of the Planning and Economic Development Committee meetings?	1
Is there an annual general meeting that the public can attend?	0.5
External Accountability	
Does the Economic Development Division have to prepare an annual report?	1
Does the Planning and Economic Development Department have to prepare an annual budget?	1
Does the City of Hamilton have to prepare an annual audited financial report?	1
Is the Economic Development Division subject to external inspection?	0.5
Is the Economic Development Division required to meet targets agreed to with city council?	1
Is there a complaints process available to citizens or service users?	0.5
Is the Planning and Economic Development Department under the jurisdiction of an ombudsman?	0.5
Does the Economic Development Division have to make formal reports to council?	1
Can members of the Planning and Economic Development Committee be recalled by council?	0
Total	12/15

The Economic Development Division also scores well on the external accountability criteria. It prepared an annual report for each year between 2001 and 2010. These reports include updates on key programs and accomplishments and data on indicators such as building permit values, housing starts, and the unemployment rate. As is the case with all other municipal departments in Hamilton, the Planning and Economic Development Department makes an annual

budget presentation to council. The presentation includes the budget requests for each division, and cost drivers are broken down by program and by cost category. Council has final decision-making authority over the budgets of each department. The City of Hamilton prepares an annual financial report, which is audited. This covers all municipal departments. The Economic Development Division was not subject to routine external third-party inspections during the study period. But as mentioned above, a governance review was undertaken by a consultant in 2007, which resulted in significant changes within the department. A score of 0.5 was given as a result. In 2013 – which is outside of the study period – the Economic Development Division was accredited through the International Economic Development Council (International Economic Development Council 2013).

The Economic Development Division is required to meet targets agreed to with council. Apart from the performance measures included in the annual reviews, the different versions of Hamilton's economic development strategy document (more is written on this in the section on policy coordination) also include short and long-term deliverables. These deliverables are specific to each of the clusters identified in the strategy. For example one of the short-term deliverables for the film cluster in the 2005 strategy was to “streamline the film permitting process with other City departments and agencies” (City of Hamilton 2005c). In reference to the deliverables from the two previous strategies, a staff report attached to the 2010 strategy explains that “of the 103 short and long-term deliverables identified in each of these two strategies, over 80% of them were completed or are currently works in progress” (City of Hamilton 2010d). This is a rather vague claim, but it does indicate that these deliverables are at least being tracked. In addition, since 2008 the Economic Development Division has reported to council semi-annually on performance measures which include: taxable assessment growth, the amount of shovel-ready

industrial land, non-residential building permits, customer satisfaction, the number of small business jobs, the impact of the film industry, the number of corporate calls, and downtown office and residential growth, with 2007 as the base year (City of Hamilton 2009e). There is no formalized complaint process in place within the department, but staff explained that complaints would either come through the department or be forwarded from the mayor's or city manager's office and then end up on the desk of the director of the Economic Development Division (Interview 26). A score of 0.5 was given as a result. Hamilton's municipal council and its committees have been under the jurisdiction of the Ontario Ombudsman, since an update was made to the Municipal Act in 2008 that gave citizens the ability to request an investigation if they feel as though a council meeting has been improperly closed to the public. The City of Hamilton has also had an integrity commissioner in place since January 2010, to enforce a code of conduct governing the behaviour and ethics of elected officials. Because the powers of the ombudsman and the integrity commissioner are relatively new and their coverage is limited, a score of 0.5 was given for this criterion. As mentioned above, the Economic Development Division reports to the Planning and Economic Development Committee. During the study period, this committee usually met twice a month. Depending on the nature of the reporting, the division may also report to the Committee of the Whole, or directly to council (City of Hamilton 2003a). For example, the performance reporting mentioned above is done at the Committee of the Whole (which is all of council sitting as a standing committee). According to the City of Hamilton's procedural by-law, committee membership is for the duration of the council term (Ibid). Therefore, once appointed, committee members cannot be recalled by council. Again, this is a criterion that is more designed for an arm's length agency. The City of Hamilton scores a zero, but barring unusual circumstances it is likely a positive characteristic. If recall was a

possibility, a majority group on council could exert much greater control over committee appointments.

In sum, based on the GAT criteria, the LEDC is much less accountable than the City of Hamilton's Economic Development Division. This holds for both the visibility of the decision-making process (public access) and on the reporting relationship to council and the community (external accountability). These are important characteristics of accountability for both polycentrists and consolidationists. Thus, for economic development – a developmental policy area where the municipal government is the principal – service delivery through a municipal department is more accountable than it is through a special purpose body.⁴⁹ Some of the criteria included in the GAT such as whether there is an AGM, or whether members can be recalled are better suited for arm's length agencies. This put the Economic Development Division at a slight disadvantage, but they were kept to help illustrate the different reporting relationships that may exist under different service delivery structures. Nonetheless, the consolidationists' hypothesis that municipal departments are more accountable is supported in this instance.

5.3. Policy Coordination

Specialized and general purpose governments, and indeed the arguments of polycentrists and consolidationists, are based upon two separate logics of coordination. In the literature on multilevel governance, it is widely held that coordination becomes more difficult, the more actors that are involved (Hooghe and Marks 2003, 239). Specialized governments are supposed to reduce the need for coordination amongst governments, because they are designed – both in terms of scale and mandate – to fulfill a specific function. General purpose governments reduce the number of governments that need to be coordinated by bundling functional responsibilities

⁴⁹ For public health – where the province is the principal – the GAT scores for municipal and special purpose body service delivery would be very close.

within fewer governments. Polycentrists argue that the types of hierarchical relationships that exist within general purpose governments are not necessary to achieve coordination and that where coordination is needed, specialized governments may coordinate their activities through either competition or cooperation. The Lakewood Plan – a producer-consumer relationship established between Los Angeles County and a number of its constituent municipalities – is often used as an example in these arguments (see Bish and Warren 1972). This arrangement allows the municipalities to contract services from the county, or from county-administered special districts, or to deliver them themselves, or to contract with other producers. Consolidationists argue that it is much more difficult to coordinate the activities of separate organizations than it is to coordinate the activities of departments within a single municipality. Specialization makes policy coordination more difficult by fragmenting issue areas and discouraging the kinds of trade-offs and compromises that are possible in general purpose governments. It also makes planning and financing metropolitan-wide services more difficult. Foster rather effectively sums up the consolidationists' position regarding the coordination challenges caused by specialization:

Governments of any type can experience a coordination disaster, for example, the road torn up one year to lay water pipes, demolished the next to lay sewer lines, ripped up again the following year to lay underground cable, and knocked out of service the year after that for routine road repair. When the problem of the “right hand not knowing what the left is doing” occurs on the watch of a general-purpose government, it is a frustrating but tractable problem of poor management. When coordination problems occur in a specialized world with separate water, sewer, utility, and highway districts, however, these problems are predictable outcomes of institutional autonomy combined with functional specialization. Mandates for inter-district or district-nondistrict coordination are virtually non-existent. Practical efforts to coordinate service delivery are often problematic and transitory. (Foster 1997, 230)

Certainly the types of coordination problems that Foster mentions would be very noticeable, but one would at least hope that poor coordination on such a scale is rare, and that most coordination problems are less blatant. Less visible coordination problems are more

difficult to measure, but still need to be identified in order to be solved. According to Peters (1998, 303), coordination problems can arise as the result of redundancy (when more than one organization performs the same task), lacunae (when no organization performs a task), and incoherence (when organizations with the same clients perform tasks that are at cross-purposes). Because of the importance that municipalities place on economic development policy, coordination problems caused by lacunae are not expected to be a problem, and will not be a focus of this chapter. Redundancy and incoherence are likely to be bigger problems.

In order to determine whether economic development policy in London and Hamilton is coordinated or not, it is important to get a sense of the types of policy goals both municipalities seek to achieve through economic development policy. Based upon the interviews and the functional responsibilities of the different departments and agencies that deliver economic development services in London and Hamilton, the most important economic development goals include: business retention and expansion, business attraction, tourism, and small business, workforce, and downtown development. This list also closely resembles the survey findings of Reese (2006), regarding the economic development goals of Canadian municipalities. Relying heavily on interview data, this section examines the actors involved and their roles in achieving these economic development policy goals in London and Hamilton in order to assess the extent to which redundancy and incoherence are present in both municipalities. The views of municipal staff and politicians are especially important, because the amount of control that municipalities have over fragmented or consolidated service delivery structures matters for both polycentrists and consolidationists. For polycentrists, the control mechanism is the contracts with specialized agencies. For consolidationists, it is through the hierarchy of the municipal bureaucracy.

Polycentrists would predict better coordination in London (or at least as good as it is in Hamilton), while consolidationists would predict better coordination in Hamilton.

London

The LEDC is the lead economic development agency for the City of London (City of London 2000b, 2005c, 2006b, 2007c, 2008b). It focuses primarily on business attraction, retention and expansion, and workforce development in six sectors: advanced manufacturing, life sciences, technology, institutional and education, regional head offices, and agri/food business (LEDC 2007; Interviews 30 and 32). The LEDC's strategy and operational plan are developed by staff and approved by the board, and the City has little direct input. As a former LEDC staff member explained:

The members of the City on our board participated in the development of strategy and the operating plan. But the City didn't say, "here's the strategy that we want you to pursue", because that would have put the whole foundation on which we built the LEDC at risk, because if you had a strategy that was coming from the City, it would be a strategy that was coming from politicians. (Interview 29)

A former municipal politician also saw value in this type of relationship, "as long as there was a good reporting relationship between the mayor's office, council, and regular updates, that system should work quite well without having a lot of council interference" (Interview 31). A number of interviewees believed that the direct involvement of politicians in economic development had the potential to produce incoherence, because of the long time-frames associated with attracting investment and the need for confidentiality (Interviews 29, 31, and 37).

Nonetheless, other agencies are involved in meeting the City's economic development goals as well. These include the Stiller Centre (expansion and retention, small business development – start-up technology-based companies), TechAlliance (expansion and retention, small business development – technology-based companies), the Small Business Centre (small

business development), London Downtown Business Association (retention and expansion), Main Street London (attraction), Tourism London (tourism and culture), and the Convention Centre (tourism and culture).⁵⁰ The level of autonomy that the LEDC and these agencies have in adopting their own strategic plans has meant that, “the City itself does not have an economic development strategy that pulls all of those things together” (Interview 35).

The Stiller Centre and TechAlliance were established in the early 2000s. The City invested approximately \$5 million to help get these agencies up and running, and was contributing around \$200,000 in annual funding to each by the end of the study period (City of London 2005b; Bradford 2008; Belanger 2010). Both had some initial success, but by the mid-2000s, the City wanted better coordination among these two agencies, the LEDC, and the Small Business Centre (Paolatto 2005; De Bono 2005, 2006b). According to a City of London staff member, the City wanted to ensure that the mandate of each agency was clear and that they were encouraging their clients to utilize the services provided by the others. In other words, the City wanted to avoid redundancy. As this interviewee explained, “if they all do business planning, it’s not money well spent” (Interview 30). At the same time, the City was also pushing the LEDC to broaden its focus beyond manufacturing to include more knowledge-based industries. The City commissioned Paul Paolatto, an entrepreneur from the technology sector, to study how these two goals could be achieved. His report titled *London’s Next Economy* was brought to council in the fall of 2005. The report argued that the City lacked a clear economic development strategy and that there was some confusion regarding the roles and responsibilities of the LEDC, TechAlliance, the Stiller Centre, and the Small Business Centre. In the subsequent *Implementation Strategy*, it was recommended that a new board be created to oversee three

⁵⁰ The London Downtown Business Association is a self-funded business improvement area. Main Street London receives financial support from the City of London and the London Downtown Business Association.

strategic business units: a business attraction, expansion, retention, and workforce development unit, headed by the LEDC; an organic growth unit, headed by a partnership between TechAlliance and the Stiller Centre; and an entrepreneurial development unit, headed by the Small Business Centre.

An interim board was established, however, the City was never able to bring all four agencies under its control and it was eventually dissolved. According to a former City of London staff member, the process ended up being too acrimonious, as the agencies wanted to maintain their autonomy. This interviewee explained that, “there was a big effort to pull of these organizations together and align, but it never happened. It simply comes down to people politics. These guys want to run their own show and they don’t want to report to anyone else” (Interview 35). A former City of London politician offered a similar analysis, “all of these organizations have fought against becoming any sort of coordinated body because they didn’t want to lose, I am not going to say identity, but there is a lot of politics involved when you know that some people are going to lose jobs, because I mean, how many CEOs do you need?” (Interview 31). Job competition was clearly top of mind for one person involved whose comments make it clear that the City did receive considerable resistance to its coordination efforts:

London’s Next Economy was done by a guy who was looking for my job... He somehow conned the city manager into believing that London wasn’t doing enough. I hold myself responsible for the fact that I allowed this to happen. He wrote this *Next Economy* report, which was just a pile of bullshit... In some place in that report, he talked about 10,000 new jobs in the technology sector over the next five years. That then became the mayor’s mantra in her next state of the city address... How many net new jobs do we have? Probably negative 500 since all of this crap was put together. So that’s what that *Next Economy* report was all about... He thought, “What we’ll do is we’ll put an organization in place that would have LEDC, the Small Business Centre, the Stiller Centre, and TechAlliance all reporting to this group of people. When this proposal was made I said, “Okay that’s all fine and dandy, now who is going to run that?” “Well we’ll have a president and CEO run that.” “Okay, who is that going to be?” “Well we’ll put somebody in there.” “Who is that going to be?” Because I knew what this guy

was up to. So it came out that it was going to be [him]. So we went to the city manager and said listen, “if that is the shit that is going on, let us know, because everyone of us is out of here right now.” So the city manager realized that he was in the process of offending the better part of the business community in London, so he put an end to that. (Interview 29)

This City’s inability to bring these agencies to heel was seen as a lost opportunity, because staff and some politicians feel as though the activities of these agencies are not as well coordinated as they should be. Interviewees from the City noted problems of both redundancy and incoherence. According to a former City of London staff member, “each of them is tasked to create a prosperity agenda and they are in silos and they do not work together. This fragmentation of responsibility makes coordination more difficult and does not serve the City’s interest” (Interview 35).

Again, these comments were echoed by a former municipal politician:

While they will say, “oh yeah, we work together.” It is not reaching its potential because there are so many people just fighting to keep a little piece of the pie. TechAlliance is a great example; they should be a part of the LEDC with the work that they do. They have a relationship, under the director of life sciences, I am sure that they work together on a number of things. But they have created their own Taj Mahal of organizations. They have all these people working there doing all sorts of stuff and it’s not necessarily aligned with the economic priorities of the community. Even though they are successful in what they do. You can imagine how much more successful they would be if there was coordination under one body. (Interview 31)

The *Next Economy* report only looked at the LEDC, TechAlliance, Stiller Centre, and the Small Business Centre. A former municipal politician explained that similar efforts were undertaken to align other organizations involved in economic development as well, but that these ran into the same obstacles:

... Tourism London, the Convention Centre, places like that don’t want to be a part of the LEDC. They like their own identity. Especially Tourism London – very, very, highly political... It has always been highly political because the general manager there used to be the person that did economic development for the City of London many, many years ago. He thinks he knows it all. For years,

we tried to better align all of those organizations that have an impact on what the City is doing, but there was always a continuous fight against doing that. So it has always been a struggle and I think that it is a missed opportunity to not have them better aligned in what they do. Council has never really had the courage to make the really hard decisions about that. I think that they should all be under the same umbrella with one person and then having different departments of it, but I don't think that they will ever happen here because I don't think that there is enough courage to do that. (Interview 31)

This interviewee expressed frustration at the City's inability to bring all of these organizations under the control of a single agency:

It's not like they pick up the phone and have a lot of discussions with each other about how to do things. They are all doing their own thing. They have all had some success, so it doesn't force the issue as much. As long as each of those organizations has enough votes on council, it will always be a separate body for tourism, a separate body for TechAlliance, separate for the convention centre, separate for this, separate for that. They all, in their own right, have their own documents, they have their own board of directors, their own strategic directions. You could go to anyone of them and find that information. I always felt that we needed to do more, but it was very difficult, very political to try and bring any of those groups together. And really, the City should have been able to, because it controls the funding for most of those bodies. Not all of them, TechAlliance has their own funding. I just don't see it ever really happening. (Interview 31)

Thus, even though the City provides the bulk of the funding for most of these organizations, it has been unable force them to comply with its wishes, because they all have their own support bases, which have influence over members of council.

Interviewees also noted some challenges associated with coordination between the City and the LEDC at an operational level. Even though the LEDC is the lead economic development agency, the City maintains an inventory of serviced industrial land, and has responsibility for land use and building permit approvals. These are two areas where incoherence became a problem during the study period, although to varying degrees. Dealing first with the sale of City-owned industrial land, the City obviously wants to sell its industrial land holdings, but the Municipal Act makes it clear that municipalities cannot bonus – which in this case would involve

selling land below market value. The LEDC wants to land clients, and that involves getting them the best deal possible. During the study period, the LEDC would negotiate land sales with the City on behalf of its clients (Interviews 29, 30, 31, 32, and 35). During these negotiations, LEDC staff viewed themselves as agents of the client, not the City. As a former LEDC staff member explained:

We brought potential investors to the City, but we didn't act on behalf of the City. So our clients saw us as somebody who would get them the best deal that we could get for them. And if that was from the City, I would beat the shit out of the City to get best pricing, best terms, best whatever. They found that difficult, because they said, "but we are paying you, so who is the customer here?" And I kept saying that "the customer here is the potential investor." (Interview 29)

As a result of this practice, the City would sometimes end up selling land for less than it had originally intended, or it would provide extra servicing. In other cases, the City would lose out on an investment, because it could not meet the investor's expectations – in part because of what the LEDC was counselling them to ask for (Interviews 29, 30, and 35). This is a clear example of incoherence, as two organizations serving the same clients had competing goals. The City was also uncomfortable with these negotiations, because it knew that the outcomes of this process bordered on bonusing (Interview 35). LEDC staff, however, were less concerned. As a former staff member explained, "the issue of bonusing is an interesting discussion for people in the legal department, but beyond that nobody really gives a damn" (Interview 29). More will be written on the sale of city-owned industrial land in the next section.

When a client does commit to investing in the city, both the City and the LEDC pull teams together based upon the specific needs of the client and establish a project timeline for City approvals (Interviews 29, 30, and 32). For the most part, staff at the City and the LEDC were happy with how this process worked. However, most staff from the LEDC do not have experience in municipal government, so there can sometimes be misunderstandings regarding the

municipal approval process, especially if there are delays (Interview 32). As an LEDC staff member explained:

When we bring in opportunities to the City there are a lot municipal approvals and processes required. Because we are an external agency, the disadvantage being that we have to work with City officials to help bring the file from start to end. It's not something that we do not work towards, of course we have great colleagues at City Hall who are all part of the same team...but the disadvantage could be the disconnect between our work and City Hall processes. That is something that we see regularly. The City has also acknowledged that and taken steps to help correct that. There is a separate office set up for business liaison, which works directly with the LEDC to help with any projects that we are working on. (Interview 32)

LEDC staff cannot tell City staff what to do, but if there is a hold up, LEDC staff will try to press senior management to come up with a resolution. As a former LEDC staff member explained, "if I had a problem, I would go to the city manager, and say, 'you've got a guy in building permits that holding something up. Can you get on him?'" (Interview 29).

In sum, the main coordination challenges for the City and the LEDC occur at the governance level and during the negotiation stage of the sale of City-owned industrial land.⁵¹ There are also challenges associated with the municipal approval process, but these appear to be less problematic. It seems – at least from the perspective of municipal staff and politicians – that economic development policy in London is too fragmented. There are too many actors involved, making coordination difficult. The City tried to correct what it perceived to be problems of redundancy and incoherence amongst these agencies, but these efforts ultimately failed. Even though the City provides the bulk of the funding for most of these agencies, they all have their own power bases and the City was unable to bring them under control. At the operational level, the City and the LEDC have incoherent goals regarding the sale of City-owned industrial land.

⁵¹ Changes were made in the 2012 Purchase of Service Agreement which better clarified the roles of the LEDC and the City with regards to real estate transactions. Shortly after this change was made, however, the City hired three new staff members to work on corporate investments and partnerships (DeBono 2012). A number of interviewees saw this as increasing duplication in an already crowded policy area (Interviews 29 and 31).

This often ends up costing the City money or puts potential land deals in jeopardy. Once an investment is made, staff from the City and the LEDC work fairly well together, but LEDC staff sometimes feel that the municipal approval process does not move fast enough.

Hamilton

The Planning and Economic Development Department is the lead economic development agency for the City of Hamilton. Prior to amalgamation, economic development was the responsibility of the regional government; however, the lower-tier municipalities retained responsibility for some economic development functions. For example, they set their own development charges and had their own industrial parks (Interview 27). A number of interviewees credited amalgamation with improving the coordination of economic development policy. As one interviewee explained, “immediately after amalgamation, Hamilton was certainly underperforming from an economic development perspective. But amalgamation helped to coordinate economic development for the entire City. All of the duplication was eliminated with amalgamation” (Interview 34). Most of the traditional economic functions – attraction, retention and expansion, small business, workforce, and downtown development – are the responsibility of the Economic Development Division.⁵² There is a separate division within the department devoted to tourism and culture. As mentioned above, there was an advisory board in place for Tourism Hamilton during the study period, but all staff remained municipal employees. Convention services were the responsibility of Hamilton Entertainment and Convention Facilities Inc. (HECFI), an arm’s length agency of the City. The Hamilton Port Authority, which is a federal special purpose body, was responsible for the harbour. And The Jobs Prosperity Collaborative (JPC), an advisory board, was established in 2007 to provide strategic economic

⁵² There are downtown business improvement areas in the former lower-tier municipalities, but these are all entirely self-funded.

development policy advice to council. The JPC was made up of representatives from the private, education, and health care sectors, the port authority, and council. The constellation of actors involved in economic development policy in Hamilton – especially those with autonomy from the municipality – is thus much more consolidated than in London.

The consolidation of responsibility that resulted from amalgamation also facilitated the development of a city-wide economic development strategy. The City of Hamilton had a cluster-based economic development strategy in place by May 2002, less than a year and a half after amalgamation. Cluster-based strategies seek to build upon a community's strengths by focusing on industries where it has competitive advantages over other municipalities. The original strategy had six clusters: industrial manufacturing, agriculture/agri-business, Aerotropolis (development around the airport), health and biotechnology, information and communications technology, and film. In addition, it emphasized the importance of the downtown for the overall economic success of the city, and put forward a plan to redevelop the core. The economic development strategy was also tied into the City's Growth Related Integrated Development Strategy (GRIDS), which is a multi-departmental strategy (Public Works, Planning and Economic Development, Corporate Services, Public Health, and Community Services) intended to guide land-use and infrastructure planning over a thirty year period (City of Hamilton 2002b, 2005c).

Subsequent iterations of the strategy remain a component of the larger GRIDS process and have become even more comprehensive. The 2005 strategy included a quality of life component, which sought to emphasize and build upon the city's strengths in education, health care, housing, and the physical and social environment. The revised strategy included eight clusters: advanced manufacturing, agriculture/food and beverage processing, port related industry/business, Aerotropolis, biotechnology and biomedical, film and cultural industries,

tourism, and downtown. The strategy was also linked to an in-depth study of Hamilton's labour market. The 2010 strategy is the most comprehensive and is organized around six main components, which are: business development, community redevelopment, infrastructure for innovation, labour force development, quality of life, and marketing and outreach. Multiple divisions, departments, and agencies contributed to the strategies surrounding the different components. For example, the Community Services Department helped to author the workforce development and quality of life components, and the Jobs Prosperity Collaborative was involved in writing the quality of life and marketing and outreach components. Targeted clusters remain as a part of the business development component. The clusters in the 2010 strategy include: advanced manufacturing, agri-business and food-processing, clean technology, creative industries, goods movement, and life sciences. Thus, unlike in London, the City of Hamilton has had an economic development strategy in place since 2002 that incorporates most of its goals regarding economic development and is part of a larger multi-departmental strategy. However, as subsequent strategies became more comprehensive, they also became longer. The 2010 economic development strategy is over 500 pages long. A number of interviewees explained that while the core of the plan is strong, the document itself is becoming too complex and convoluted (Interviews 33 and 34).

Throughout the study period, the City of Hamilton viewed economic development as a corporate responsibility requiring the resources and cooperation of multiple departments (City of Hamilton 2002b; Interview 36). The consolidation of the Planning and Economic Development departments is an example of this. Most interviewees made the case that combining these two departments has reduced problems of redundancy and incoherence (Interviews 26, 27, and 33). Moreover, staff believe that the consolidation of divisions within the department has improved

coordination as well. For example, Urban Renewal used to be a separate division, but it is now a part of the Economic Development Division. A staff member explained how all of these changes have helped to better integrate the work of planning and economic development staff:

To create an integrated operation today, you have to have expertise from different functions. One of our strengths ... is to bring all of these different factions together and make sure that there are some synergies there and some integration and coordination, because that's really the problem these days is that bureaucratically everyone wants to set up their own little silo without realizing that in many cases that they have to coexist in order to perform properly. And I think that's where we come in and we draw people out of each silo and make sure that anybody who is growth related in terms of their functions or an asset that they can bring to the table, we bring them together and create coordination committees for different exercises: development charges studies, secondary plans, economic development strategies, you know all that kind of stuff. I think that it is important to integrate all of that stuff and that is the way that we try do it here. (Interview 27)

Another staff member explained that the speed at which applications are processed and the ability of staff to resolve problems have improved because of the combined structure. Indeed, a number of interviewees argued that the City was able to land a major investment by Canada Bread in 2010, in part because the level of cooperation brought about by the consolidated structure allowed the department to exceed the company's expectations regarding timelines for approvals (Interviews 26, 27, 33, and 34).

Notwithstanding recent success on the attraction side, staff and politicians claim that the biggest benefits have been realized in business retention. A number of interviewees used a "base hit versus home run" analogy to describe the relative emphasis that the City places on retention over attraction (Interviews 26 and 33). According to them, the City sees a better return on its investments in retention than it does on attraction, because the latter has much lower success rates. The ability of economic development staff to serve as intermediaries between local

business people and staff from other departments was seen as a key component of the City's retention efforts. As a staff member explained:

We have a very aggressive corporate calling program, we see about 250 to 300 companies per year. And this isn't just walking in to say hello, we spend a lot of time with them. And I would say that three out of four corporate calls that we go on, we come back with issues relating to some department or division somewhere within the City. So we are the conduit back into the municipality for these people. And again, a lot of these issues may be zoning or building related... we actually physically take them [planning and building staff] out into the field and resolve these issues very quickly for them. Again, that is a service that is not provided with an arm's length type of operation. We solve so many problems, but it's really just a matter of knowing where to start and getting the right people involved and at times there are decisions that require a director or general manager to make a call that speeds things up and accelerates the process. That is a service that is very much appreciated by our business community... In other municipalities, where you don't have that kind of connection and integration into the city, it is very difficult to resolve a lot of those and you don't get the attention, and you don't get the sense of urgency that you do, especially when I am sitting around the table with these same individuals and say to our director of Building Services, "this guy has submitted, he's not getting his building permit, he's got steel coming" okay boom, it gets expedited very quickly. (Interview 26)

Despite the assertions of staff and politicians, some outside observers still feel that there is a level of incoherence between economic development staff and staff involved in the delivery of more planning related functions. As a former member of the JPC explained:

The municipal government as a culture still has a lot of problems in terms of day-to-day business. It is still not customer friendly. There is still some disconnect between the Economic Development Division and the day-to-day activities of the people that are issuing the building permits. There is an ingrained culture amongst City staff outside of the Economic Development Division, which is hard to address. (Interview 34)

While this interviewee favours a private sector economic development corporation and believes that the municipal department model is "structurally wrong" for the delivery of economic development services, it was conceded that combining the Planning and Economic Development departments has led to some "operational efficiencies" (Interview 34).

In part to address some of the perceived disadvantages of the municipal model, a business advisory group, which came to be known as the JPC was established in 2008. The original impetus behind the JPC was to elicit external input into the City's economic development strategy from business interests and the broader community (Interview 33). However, the JPC failed to meet the expectations of council and the business community (Interviews 26, 27, 33, 34, and 36). It could point to little in the way of achievements, and business actors felt as though its agenda became too watered down through the inclusion of community groups and social service agencies (Interview 34). Moreover, there was disagreement amongst members of the JPC regarding some of the City's main priorities, such as the rezoning of agricultural lands (to industrial) surrounding the airport. As one interviewee explained:

Some groups and agencies had very conflicting opinions on certain key issues, such as expediting the airport employment growth district. There were some organizations that were involved with the JPC which were adamantly opposed to proceeding with it, whereas from the private sector's viewpoint, that was a crucial objective, which we had to get behind and move the City forward. Even though it was a crucial decision from an economic development perspective, the JPC was never able to come to a consensus in terms of what its position was on the airport employment growth district. We tended to have meetings and it was sort of like the elephant in the room that nobody really talked about, because we knew that we couldn't come to a consensus on that issue. (Interview 34)

Thus, the business groups that were part of the JPC had different goals than some of the other organizations that were involved. This proved to be a major stumbling block for the JPC. It met only once in 2010, which was its last year of existence (Interview 27).

In sum, most interviewees believe that amalgamation, the merger of the Planning and Economic Development departments, and the consolidation of divisions within the department have all improved the coordination of economic development policy. Since 2002, the City has had an economic development strategy in place which encompasses its main policy goals and clarifies responsibilities. Subsequent iterations have become more comprehensive and have

involved input from departments and agencies outside of the Economic Development Division. Some however, feel that the strategy has become too complex as a result. Staff and politicians interviewed argued that the speed at which the Planning and Economic Development Department can approve applications and solve problems has improved as a result of reorganization, but an interviewee from the private sector argued that there is still a disconnect between Planning and Economic Development staff. A business advisory group was formed late in the study period, but it never really found its feet. It was unable to claim any real achievements and support for it amongst council and the business community waned. Part of the reason for its demise was that it was unable to reach a consensus on a key issue for the City: the expansion of the airport employment growth district. This was attributed to the different priorities of some of the member organizations.

Discussion

Based on the above, it appears as though economic development policy is more coordinated in Hamilton than it is in London. Thus, the consolidationists' hypothesis is supported. The economic development policy field in London is very fragmented, making coordination more difficult. In this instance, specialization has not reduced the need for coordination, because none of the specialized agencies has full functional responsibilities for economic development. In addition, the autonomy that they each possess has prevented the City from developing a coherent economic development strategy. During the study period, efforts to give a single agency authority over all of the agencies pursuing economic development goals failed. This raises some questions about claims made by polycentrists regarding the flexibility of specialized governments. The City, sensing that there was some redundancy in this policy area pushed for better coordination, but specialized agencies such as the LEDC, TechAlliance, and Tourism

London went political and the discord was so divisive that the City eventually abandoned its efforts to bring them under the control of a single board. Another coordination problem that emerged during the study period involved the incoherent goals of the City and the LEDC regarding the sale of City-owned industrial land. During land sale negotiations, the LEDC acted as an agent of the investors rather than the City. This practice often cost the City money, and sometimes potential investors. Though not without its own coordination challenges, there seems to be less redundancy and incoherence in Hamilton. The policy field is fairly consolidated because of amalgamation and the merger of the Planning and Economic Development departments. The City of Hamilton has an economic development strategy in place that covers all of its main policy goals, and is a component of a larger corporate growth strategy. The Economic Development Division plays a lead role in developing and implementing the economic development strategy, but other divisions and departments are involved as well. A business advisory group was formed towards the end of the study period, but it ultimately failed because the goals of some of the member organizations were inconsistent with each other. These same dynamics play out on council, as some councillors are more pro-growth than others. But as the consolidationists would predict, through trade-offs and compromises council has agreed to a strategy that has broad support.

5.4. The Influence of Private Interests

The influence that private or special interests have over specialized and general purpose governments is another area of disagreement between polycentrists and consolidationists. Polycentrists argue that private interests will have less influence in specialized governments, whereas consolidationists argue that they will have less influence in general purpose governments. Both schools of thought have had some of their arguments supported in the

findings of recent empirical research. Mullin found that private interests have less influence over specialized governments than general purpose governments. This is because general purpose governments pay less attention to low-salience issues, allowing the views of private interests to dominate on issues that do not receive much voter scrutiny. Specialized governments on the other hand, are focused on a single service and are more likely to respond to majority preferences, no matter how important the issue is (2009, 180). However, Berry found that specialized governments are more likely to be captured by special or private interests that have a stake in the service that is provided, because the majority of people are not paying attention to them (2009, 127). The dominant role that business interests play in local politics and especially local economic development policy is well documented (Peterson 1981; Logan and Molotch 1987; Stone 1989). As mentioned above, both polycentrists and consolidationists think that the types of policies that business interests advocate for, such as the provision of financial incentives and tax abatements, are harmful. The assumption is that business interests will be influential under both structures. However, any differences in the relative power of business when the lead economic development agency is a special purpose body or a municipal department will have relevance for the debate between polycentrists and consolidationists.

The Municipal Act makes it illegal for municipalities in Ontario to bonus; however, there are still ways in which they can provide direct support to businesses. The most visible and most general of these include selling serviced industrial land below cost, reducing or waiving industrial development charges (DCs), and keeping their industrial property tax rate low.⁵³ Most interviewees identified these policies as the three where there is the most opportunity for municipalities to carve out a competitive advantage in terms of incentives to businesses

⁵³ Municipalities can provide financial incentives, which are less general, such as reduced water rates for industrial users; however not all industrial firms would benefit from these incentives to the same degree.

(Interviews 26, 27, 29, 30, 31, 32, 33, 34, and 35). They are also the three where municipalities get the most pressure from private interests (Interviews 29, 30, 34, and 37). During the study period, the chambers of commerce in both London and Hamilton consistently supported policy action (or inaction) on these policies that they viewed as favourable to their members' interests (Interviews 34 and 37). Apart from the fact that both chambers advocate for these policies, buying and servicing industrial land, reducing or waiving industrial DCs, and keeping industrial property taxes low are seen as serving private, rather than majority interests, because they are largely financed by residential property tax payers (and water and sewer ratepayers in the case of DCs), and are based on the assumption that growth pays for itself. The aggressiveness with which each municipality pursued these policy goals will be used to measure the relative influence of private interests. Based on the findings from the previous two sections, the hypothesis, which is in line with the arguments of the consolidationists, is that London will be more likely than Hamilton to implement policies that are favourable to business in these three areas. In London, the lead agency for economic development, the LEDC, benefits from these policies without realizing the full cost – which is borne by the City. Thus, the LEDC is an institutionalized voice that is also likely to advocate for policies that are in the interests of businesses. The LEDC has a strong relationship with the London Chamber of Commerce, and sometimes encourages the Chamber to advocate harder on certain policies than it is able to because of its funding relationship with the City (Interview 37). In Hamilton, both the benefits and much of the costs of these policies are realized within the Planning and Economic Development Department. Thus, there is likely to be a fuller understanding of the costs of financing growth.

5.4.1. City-Owned Industrial Land

The provision in the Municipal Act regarding the sale of municipal land states that, “the municipality shall not grant assistance by leasing or selling any property of the municipality at below fair market value” (S.O. 2001, c. 25, s. 106[2]). As noted by a number of interviewees, there is some ambiguity around the term fair market value, and whether it means full cost recovery, or simply a price that is competitive regionally (Interviews 26, 27, 29, 33, and 35). It is fairly common practice for municipalities in Ontario, especially those outside of the Greater Toronto Area (GTA), to purchase and service industrial land, because the costs are too high for private developers to enter the market. Municipalities sell land at prices lower than private developers, because municipalities generally do not try to profit on industrial land sales – their benefits flow from assessment base growth and job opportunities for residents – and they have access to cheaper financing options. But this practice still requires them to make significant up-front investments in infrastructure (Hemson Consulting 2003, 25). The size of the industrial land inventory of each municipality, and whether or not industrial land is sold below cost are used as the measures for the influence of private interests.

The City of London

The City of London has had an industrial land development strategy (ILDS) in place since 2001. One of the main objectives of the strategy is to ensure that London maintains a minimum inventory of 180 acres of serviced industrial land and 235 acres of readily serviceable land (City of London 2003). The London Chamber of Commerce has been a longstanding supporter of this policy (Interviews 30, 31, 32, 35, and 37). In fact, it wants the City to be even more aggressive in this policy area (Interview 37). Its general manager, Gerry Macartney, has argued that, “If you have to put a checkmark against one initiative or program that the City has undertaken in the last

15 years, it would have to be the industrial lands strategy. If we do not do this, we take ourselves out of the game” (quoted in De Bono 2008). The LEDC is also a strong supporter of the ILDS and played a role in bringing it to fruition (Interviews 29, 30, and 31). As one former LEDC staff member explained, “we were the drivers to get the City to make investments in industrial land, because we said, if you are not prepared to develop industrial land and have it available for the clients that we will bring to you, we will just fold our tent and go” (Interview 29). Apart from just encouraging the City to purchase and service industrial land, the LEDC also plays a role in determining which parcels the City should purchase (City of London 2001b). For example, the City knows that there is demand for land along the provincial highways that intersect in the south end of the city, but relies on the LEDC’s advice on whether highway exposure or proximity are more important for investors. The City then develops a ranking system for land purchases based upon the LEDC’s input (Interview 30).

During the study period, the City of London purchased approximately 776 acres of un-serviced land and sold approximately 314 acres of serviced industrial land (City of London 2009c). It is common knowledge in London that the City does not recover its purchase and servicing costs when it sells industrial land (City of London 2004a; De Bono 2011, A3; Interviews 29, 30, 31, and 35). As Table 5.3 illustrates, the average price per acre that the City received for serviced industrial land between 2001 and 2010 was approximately \$53,000. The City sold one half acre parcel at a price per acre at a cost of \$85,000, but most other sale prices were much lower (City of London 2013). The actual purchasing and servicing costs for the City vary from around \$100 to \$150 thousand per acre (City of London 2009c; Interviews 29 and 35). Thus, the City is subsidizing industrial land sales by at least \$50,000 an acre.

Table 5.3 City of London Industrial Land Sales

Year	Total Acreage Sold	Average Price Per Acre (\$)
2001	12.89	39,530
2002	36.05	44,230
2003	78.54	50,220
2004	42.82	50,021
2005	2.60	68,338
2006	9.75	60,823
2007	87.07	49,961
2008	24.66	54,964
2009	0	N/A
2010	19.15	63,144
Total	313.53	53,470

Source: City of London 2013

City of Hamilton

While opening up land for industrial development, especially land around major highways and the airport, has been a longstanding priority for the City of Hamilton, the availability of serviced industrial land was limited during most of the study period. This did not go unnoticed by the Hamilton Chamber of Commerce (Dolbec 2001; Pettapiece 2002), which has long advocated for highway expansions and amendments to the urban growth boundary around the airport (Hamilton Chamber of Commerce 2008; Arnold 2010; Interview 34). The Economic Development Division shares similar goals, but staff are realistic about the constraints that the City's relative proximity to the GTA has on its ability to purchase and service large parcels of industrial land. Hamilton is far enough from the GTA that private investors are still reluctant to service industrial land, yet close enough that landowners are reluctant to sell greenfield land for less than what similar parcels can command in the GTA. As one staff member explained:

That's where Hamilton is in a unique situation, because to the east of us, everybody in the GTA, you've got large development companies that have large parcels, they set the price. To the west of us, municipalities are basically the only game in town, in terms of land development. And they establish the price. So, you've got higher prices here, controlled by the private sector, over here you have lower prices controlled by the municipality, and in the middle you have Hamilton, which kind of has both. We have a municipality that is in the game, but not in a

big way. And then we have private sector landowners who think that they want to get Toronto prices for their land. And that is the conundrum that we face.
(Interview 26)

The former City of Hamilton and the other former lower-tier municipalities did engage in more aggressive land-banking between the 1970s and 1990s. Approximately 524 acres of municipally owned industrial land was purchased during this period (City of Hamilton 2011c, 4). But after amalgamation, the City of Hamilton was more cautious about the risks associated with this practice, and land ownership was not viewed as a City priority (Interviews 26, 27, and 33). By 2010, the City's serviced industrial land holdings were down to only 25 acres (City of Hamilton 2011c; Interview 26). During the study period, the City's preferred approach was to identify and re-zone potential industrial lands to prevent them from being used for residential growth, rather than to purchase and develop its own large inventory of industrial land (Interview 33). One staff member described the rationale for the City's reluctance to front-end the costs of purchasing and servicing industrial land rather succinctly:

We are an extremely large City that has a whole bunch of challenges. We are short funding our infrastructure maintenance to the tune of \$200 million a year. That is what we should be spending in addition to what we are spending now and should be spending that for the next 10 years. We have more than \$200 million that we need to pour into our water and wastewater system. This notion that, build it, pay for it, and they will come, ours is that we have a staging of infrastructure development strategy where we do lay out where it is that we are going to put our money. But the idea of having millions of dollars just lay in the ground. It's just hard for us to fathom. (Interview 36)

Between 2001 and 2010, the City sold approximately 66 acres of land, 47 of which was sold in 2009 and 2010. The price per acre that the City received for this land varied considerably based upon the size of the parcel. The price for smaller parcels (an acre or less) varied from approximately \$700,000 an acre, to nearly \$2 million an acre, while parcels between 5 and 10 acres varied from \$600,000 to \$140,000 per acre (Teranet 2013a, 2013b). Larger parcels cost less

per acre, because the servicing costs are spread out over a larger area (Interview 27). For example, the price per acre for the Canada Bread deal was approximately \$117,000 per acre (City of Hamilton 2010a).

Staff in Hamilton were much more concerned with breaking even on the sale of City-owned industrial land than staff in London. It was their interpretation that selling land below cost, or offering additional servicing as an incentive to prospective investors is bonusing, and is therefore contrary to the Municipal Act (Interviews 26 and 27). Their goal, as they explain it, is not to profit on serviced industrial land, but to provide some competition for private developers to prevent their prices from becoming too inflated. Most of the City-owned land sold during the study period was in the Ancaster Business Park, where the price per serviced acre is estimated to be between \$200,000 and \$250,000. Two parcels in the Ancaster Park were sold below this range (one for 140,000 an acre, and one for \$190,000 an acre), but all others were within the estimated price range, or much higher. Canada Bread located in a different park, but the estimated price per serviced acre was the same (Dillon Consultants and Watson & Associates Economists Ltd. 2010). It only paid approximately \$117,000 per acre, but this discrepancy can be explained in part by the size of the parcel purchased (25 acres). As Table 5.4 illustrates, the average annual price per acre was above or within the \$200-250 thousand range for each year during the study period that the City sold land.

Table 5.4 City of Hamilton Industrial Land Sales

Year	Total Acreage Sold	Average Price Per Acre (\$)
2001	0	N/A
2002	0	N/A
2003	11.02	296,733
2004	0	N/A
2005	0.66	695,606
2006	0	N/A
2007	6.89	714,804
2008	0	N/A

2009	11.96	438,880
2010	35.41	243,734
Total	65.94	477,951

Source: Teranet 2013a, 2013b

In 2010, the City did introduce a program designed to encourage private owners to service industrial land, by providing front-end financing for servicing up to a ceiling of \$2 million at the City's borrowing rate plus a small administration fee. However, no developer took part in the program for the two years that it was in place – mainly because the \$2 million maximum was seen as too low. The money was eventually transferred to a land banking fund (initially \$4 million, now \$6 million) that was established by the City in 2011 (City of Hamilton 2011c, 2012b).

In sum, London had a more aggressive industrial land strategy in place than Hamilton during the study period. The City of London purchased and serviced 776 acres of industrial land and sold 314 acres of serviced industrial land. The City of Hamilton did not purchase any industrial land and it sold only 66 serviced acres. In terms of pricing, the City of London did not sell a single parcel of land anywhere near the estimated cost of \$ 100-150 thousand per acre. While it appears as though some parcels in Hamilton may have been sold below cost, especially larger parcels like the Canada Bread purchase, the average annual price per acre numbers were all above or within the estimated \$200-250 thousand price per acre range for industrial land in Hamilton. According to a number of interviewees, Hamilton's proximity to the GTA limits its ability to purchase and service large tracts of industrial land, as many private landowners want higher prices than the City can justify paying for industrial land (Interviews 26 and 27). Nonetheless, staff also expressed reluctance to absorb the costs of potential industrial development (Interview 36). The chambers of commerce in both cities supported the servicing of industrial land. In London, the LEDC also played an important role in pushing the City on this

strategy. One of the main priorities of the LEDC is to bring investors to the City, and having serviced industrial land available benefits it in the pursuit of its mandate. However, it does not pay the costs of this policy, the City does. The Hamilton Chamber of Commerce was less successful in its advocacy in this area, in part because the costs and benefits of purchasing and servicing industrial land are more apparent within the City of Hamilton's consolidated municipal structure than they are in London.

5.4.2. Development Charges

In general, development charges (DCs) are levied on developers to help cover the growth related costs of new development in both hard services (water, sewers, and roads) and soft services (park and recreation facilities, libraries, and policing and fire protection services). In Ontario, the first Development Charges Act was passed in 1989. Before this there was much inconsistency and uncertainty across the province in terms of how these charges should be applied. Under the act, municipalities must pass DC by-laws, which are enforceable for up to five years. These by-laws can be subject to Ontario Municipal Board appeals. DCs are the largest revenue source for capital financing, with provincial grants and the property tax being the two other major sources (Bird, Slack and Tassonyi 2012, 146). Thus, the more revenue that municipalities collect from DCs, the less they have to rely on provincial transfers or the property tax to finance the necessary infrastructure (Ibid, 145). The act includes an exemption for industrial expansions that are less than 50 percent of the existing gross floor area. It also allows municipalities to exempt or discount DCs for certain types of developments; however, they are not allowed to make up the loss by charging higher DCs for other non-exempted types of development. For example, a municipality that exempts industrial development from DCs cannot charge higher rates for residential, commercial, or institutional developments to make up the difference. If they are

offered, exemptions or discounts must be applied uniformly for that type of development. And if a municipality has an industrial development charge rate in place, it cannot waive it for a specific investor.

Despite empirical evidence to the contrary, business interests have long argued that DCs have a negative effect on investment and job growth (Nelson and Moody 2003; Jeong and Feiock 2006). Out of fear of losing out on potential investment opportunities, many municipalities in Ontario exempt or discount industrial DCs. Municipalities in Ontario are in competition not only with each other, but also with municipalities from the U.S., which are not legislatively prohibited from offering direct financial incentives (C.N. Watson and Associates 2007). Many municipalities in Ontario waive or reduce industrial DCs as a way to reduce costs for investors. When in place, DCs impose at least part of the cost of new development on the private sector, in recognition that growth should pay for growth. Exempting industrial development shifts the burden to local taxpayers (or provincial taxpayers when grants are used). Whether or not DCs are exempted, discounted, or applied at the full rate for industrial development is used as the measure for the influence of private interests.

The City of London

The City of London has waived industrial DCs since the 1980s. During the study period, it updated its development charge by-law in 2004 and 2009. On both occasions, staff recommended that council consider phasing in a reduced industrial DC rate, but council ultimately decided to continue the practice of fully exempting industrial DCs. Staff estimated this policy costs the City approximately \$3 million annually. On a square foot basis, the cost was approximately \$11.90 per square foot in 2004 (City of London 2007b). By 2009, the cost had increased to \$13.86 per square foot (City of London 2009c). Some councillors took the position

that growth should pay its own way, however, the majority felt that that waiving industrial DCs is one of London's main competitive advantages. As a former municipal politician explained:

There have always been people [on council] that believe that because you and I as a taxpayer end up having to pay the cost of that [exempting industrial DCs], we shouldn't have to subsidize a company. And the opposite rationale and something that I certainly felt strongly about is, well okay that's fine, but if we have no companies here then you and I are not going to have a job, so really at the end of the day, companies are going to continue to pay their fair share of taxes and you will recoup those dollars in a different way, but if you don't have them here at all, what have you done? It continues to be an issue. (Interview 31)

The London Chamber of Commerce has also been a strong supporter of this policy, on the condition that it is not at the expense of the commercial sector (Interview 37). When the City was considering implementing a phased in industrial DC rate in the lead-up to the 2009 by-law update, the Chamber, in a strongly worded letter to council and in an editorial in the local paper, argued for the status quo (Gerry Macartney 2008; London Chamber of Commerce 2008).

According to the Chamber, the City's industrial development charge exemption played a key role in the recent decision of a foreign manufacturer to invest in London rather than in another Ontario municipality. Especially considering London's comparatively high unemployment rate and slow economic growth since the recession in 2008, the Chamber believes that introducing an industrial DC charge would do more harm than good (Interview 37).

The Chamber also noted the potential negative impact that industrial DCs could have on the work of the LEDC. And indeed, the LEDC also lobbied council to maintain the exemption (City of London 2009c). The LEDC's position on industrial DCs was described as follows:

If you want to charge them [development charges], then kiss goodbye to new investment. When the issue would come up and I would be asked about it, I would say, "there are two ways of developing no revenue from development fees. One is charge them and people will go someplace else. The other is don't charge them and then you have a reasonable chance of attracting the company, because to be competitive in this region, you can't have development charges." And they would say, "yeah, but they are a small total of the total project." We would say,

“yes they are, but in the eyes of an investor, it’s a sign that you are more expensive than the other communities.” And people don’t want to pay them. (Interview 29)

Despite efforts by the City to get the LEDC to focus more on digital technology and life sciences based companies, it appears as though the mindset of LEDC staff is still very much geared towards competing with smaller neighbouring municipalities for investments in the manufacturing sector. As an LEDC staff member explained:

If we did have industrial development charges in place, we would not be competitive, because all around us, within a 40 to 50 kilometre belt of London, nobody charges development charges. So we would be in an uncompetitive state, where companies might start looking at Woodstock, St. Thomas, or Dorchester, or Chatham. (Interview 32)

This type of strategy is based largely on the premise that in order to compete, especially with smaller municipalities that can do things cheaper, the City needs to give business as much assistance as possible (Interviews 31 and 35).

The City of Hamilton

Prior to amalgamation, the regional government and all lower tier municipalities except Glanbrook (which had a nominal industrial DC rate in place) exempted industrial development from DCs. These by-laws remained in effect until 2004, when the City of Hamilton consolidated its existing DC policies. At this time, staff estimated the industrial exemption cost the City between \$4 and 5 million per year (City of Hamilton 2004c). They recommended the phase-in of an industrial DC beginning at \$1 per square foot and increasing at an indexed rate of 50 cents per year for the five year term of the by-law. The phased in rates were still discounted, as the actual cost of industrial development for the City was estimated at \$10.97 per square foot in 2004. Staff viewed their recommendation as a means of achieving a balance between cost recovery and the City’s attraction and retention goals (City of Hamilton 2004c). Council agreed with staff and the

City began charging industrial DCs in 2004. According to most interviewees, the decision to implement industrial DCs, albeit at a discounted rate, was based on the rationale that somebody has to pay for growth and that DCs are one of the few ways that municipalities can offset some of their budget pressures (Interviews 26, 27, and 33). One interviewee described the logic behind the decision to begin charging industrial DCs as follows:

The taxpayer doesn't want to fund growth; the vehicle that we chose for growth was development charges. Development charges were at first seen as a detriment, but we did some studies and realized that is less than one percent of the investment that a company makes. That is not going to stop people from coming to your municipality. But as an incentive, we still need to be competitive with... the municipalities in our economic catchment area. We wanted to make sure that we are just a little bit cheaper than them, but still charge enough that we can actually generate some revenue for that infrastructure planning that was necessary. So we have tried to find a balance... We are still discounting 25 to 30 percent, whatever the number is, but that's still enough to make us attractive, and find that balance of generating revenue to keep moving forward with our infrastructure planning for our industrial lands. (Interview 27)

A former municipal politician gave a similar explanation:

We needed the money for starters. We certainly did a comparative analysis of development charges in other communities and positioned ourselves somewhere in the middle. But development charges have become a significant revenue source for all municipalities and you lose pace with that at your own peril. You can attract a lot of businesses if you keep it arbitrarily low, but at the same time, what's the quality of the business, and isn't the bigger issue locational benefit, as opposed to taxation levels or development charge levels? I don't think development charges are a big barrier to most developers. Access to transportation facilities is a big issue, access to qualified employees is a big issue, and quality of life now is a bigger issue than ever before. I don't think development charges are a big barrier. (Interview 33)

So the City tries to keep its DC rates competitive, but has also come to rely on them as an important revenue source for infrastructure development and does not view them as a major deterrent for investors. A number of interviewees also made that case that the adoption of industrial DCs would not have been possible without amalgamation, because the former lower-

tier municipalities all competed with each other for assessment base growth (Interviews 34 and 35).

In 2009, when the City updated its DC by-law, it increased its industrial DC rate from \$4.22 per square foot (as determined by the phase-in rate introduced in 2004) to \$6.65 per square foot. This rate was maintained for 2010. The estimated cost of industrial development for 2009 and 2010 was approximately \$19 per square foot. The decision to increase the industrial DC rate by nearly 60 percent in 2009 was based in part on a consultant's study, which found that, while DCs are a factor that investors consider, they are only one factor among many financial and non-financial factors. Moreover, the decision to locate in one municipality versus another rarely comes down to DC rates alone (C.N. Watson and Associates 2007; City of Hamilton 2009a, 2011a). Even with the increase, a majority of councillors felt that the difference between the actual DC rate (\$19) and the calculated DC rate (\$6.65) was still a significant incentive for potential investors (The Hamilton Spectator 2009).

The Hamilton Chamber of Commerce has traditionally been opposed to DCs for industrial development. And this is the position that it originally took when the recommendation of phasing in industrial DCs was first introduced in 2004. Its initial reaction was to argue that the introduction of DCs for industrial development would have a negative impact on the City's ability to compete with other jurisdictions (Hamilton Chamber of Commerce 2004a). However, in subsequent correspondence the Chamber agreed to support the introduction of industrial DCs at the rate recommended by staff, on the condition that the revenue raised go solely towards the servicing of industrial lands (Hamilton Chamber of Commerce 2004b). As a former JPC member explained, "yes, we will reluctantly support some DCs, but the Chamber's position is that they have to be kept below the provincial average" (Interview34). When council increased the

industrial DC rate in 2009, the Chamber was strongly opposed to this decision (The Hamilton Spectator 2009).

In sum, private interests are better reflected in the industrial DC policy of the City of London than the City of Hamilton's. London updated its DC by-law twice during the study period and despite recommendations by staff to discontinue the practice of fully exempting industrial development DCs, the fear of losing out on potential investment opportunities moved council to maintain the policy. This fear was stoked by the Chamber and the LEDC in both instances. Industrial DCs were first introduced in Hamilton in 2004, albeit at a discounted rate. Interviewees explained that this decision was based on the idea that growth should pay for growth, and that the City would be missing out on an important revenue source if it continued to completely waive industrial DCs. Some interviewees also suggested that this decision was facilitated by amalgamation, because the former lower tier municipalities were no longer in competition with each other for growth. The Chamber reluctantly supported the introduction of industrial DCs, but when the City decided to raise them considerably in 2009, it let its opposition be known. By 2009 however, the City had come to rely on the revenue from industrial DCs and was swayed by arguments that firms do not make locational decisions based solely on a municipality's DC rates. Private interests obviously have some influence in Hamilton, as the City continues to discount industrial DCs; however, their influence is stronger in London.

5.4.3. Industrial Property Tax Rates

Keeping industrial property tax rates low is another way that municipalities try to gain an advantage in the competition to attract and retain investment. Industrial property tax rates are particularly important because industry is seen as having choice in terms where it wants to invest, whereas commercial and residential investment locates where there is a market to service

(City of Hamilton 2009a; Interviews 26 and 29). Again, municipalities in Ontario are prohibited from selectively lowering tax rates, or exempting specific firms. However, there are different rates for different types of industry. For example, some municipalities have a separate category for large industrial properties (over 125,000 square feet of floor area), which may be levied at a different rate. On property tax rates as well, evidence from the U.S. indicates that while the effectiveness of abatements is indeterminate, business interests certainly tell state and municipal officials that low taxes are an important factor in their decisions (Wolman 1988, 25). Moreover, politicians can justify offering lower taxes to industry on the premise that the municipality is actually not losing out on revenue, because firms would likely locate elsewhere if taxes were higher (Wolman and Spitzley 1996, 131). The industrial property tax rate is only one part of the story, as the actual tax paid will depend on assessed value of the property as well. Nonetheless, the property tax rate is very visible, and a number of interviewees argued that potential investors often make judgements about how expensive it is to do business in a municipality by visible signals such as this (Interviews 26, 30, 32, 34, and 35). Moreover, the chambers in both cities advocate for lower tax rates for industrial properties. The level of industrial property tax rates in one municipality versus the other will be used to measure the influence of private interests for this section.

The City of London

Most interviewees, including both from the LEDC, argued that the City of London's industrial property tax rate is competitive with other municipalities in Ontario. A few also noted that assessment values for comparative properties in municipalities closer to the GTA are higher, which also reduces the tax bill for industrial firms that locate in London (Interviews 30, 31, and 34). Moreover, London does not have a separate rate for large industrial facilities. As table 5.5

shows, the industrial property tax rate was reduced from 7.22 percent of assessed value in 2001 to 5.77 percent in 2010. In terms of provincial comparisons, London was well below the provincial average for comparable municipalities (those with populations of 100,000 plus) for industrial property taxes per square feet during the study period (BMA Management Consulting Inc. 2005, 2010). Despite being below the provincial average in taxes per square feet and despite the general downward trend of the City's industrial tax rates, the Chamber pressured the City to lower industrial tax rates even further (Lawson 2002; De Bono 2002; Daniszewski 2006; Interviews 31, 34, and 37). In London, residential property taxpayers bear the bulk of the cost of lower industrial tax rates and there were efforts made by some councillors to come up with a better balance between industrial and residential property tax rates; however they were unable to garner enough support on council for their proposed changes (Interview 34).

Table 5.5 City of London Industrial Property Tax Rates⁵⁴

Year	Industrial Tax Rate (%)	Large Industrial Tax Rate (%)
2001	7.22	7.22
2002	6.92	6.92
2003	6.54	6.54
2004	6.49	6.49
2005	6.72	6.72
2006	6.17	6.17
2007	6.25	6.25
2008	6.32	6.32
2009 ⁵⁵	6.11	6.11
2010	5.77	5.77

Source: City of London 2001a, 2002, 2003, 2004b, 2005a, 2006a, 2007a, 2008a, 2009a, 2010b.

⁵⁴ These are the total tax rates that apply to industrial properties in the pre-annexation City of London. Rates are lower in the annexed areas (1993) where there are fewer services.

⁵⁵ In 2009, the province began to reduce the education tax rate on new construction non-residential properties, with the intent of applying the reduced education tax rate across the board by 2014. Thus, for the final two years of the study period, the tax rate paid for newly constructed non-residential properties was lower than the general rate. The new construction rate for industrial properties in London was 4.93 percent in 2009 and 4.75 percent in 2010.

The City of Hamilton

The City of Hamilton has had a business tax reduction plan in place since 2001. As table 5.6 below indicates, the City's industrial property tax rates declined steadily from 8.84 percent of assessed value in 2001 to 5.84 percent in 2010. The City also has a separate rate for large industrial facilities. This rate was reduced during the study period as well, but remained higher than the standard industrial rate throughout. Property tax rates are a contentious issue in Hamilton, not only because of lingering area assessment issues stemming from amalgamation, but also because of the City's heavy reliance on residential property taxes. This shift was brought on in part by the decline of the steel industry. For example, in 1974 half of the City's property tax revenue came from residential properties and half came from non-residential properties. By 2009 however, the proportion coming from non-residential properties was only 26 percent. Moreover, residents in Hamilton spend approximately six percent of their income on property taxes, which is the highest in the province (City of Hamilton 2009b). Without sustained non-residential assessment base growth, reductions to non-residential property tax rates will only exacerbate this problem. In terms of provincial comparisons, Hamilton had among the highest industrial property taxes per square foot amongst comparable municipalities (those with populations of 100,000 plus) during the study period. However, despite having a separate, and higher, large industrial property tax rate, Hamilton is actually below the provincial average for taxes per square foot for large industrial properties (BMA Management Consultants Inc. 2005; 2010). These results are based totally on assessment, and can be explained by the lower assessed values of some of Hamilton's older steel production facilities (City of Hamilton staff member, personal communication with author, July 26, 2013).

The Hamilton Chamber of Commerce has been a strong supporter of the City's efforts to reduce the property tax levied on non-residential properties. It has focused much of its attention on the industrial property tax rate, arguing that it puts the City at a competitive disadvantage (McNeil 2001). The Chamber also finds the higher rate for industrial properties particularly unfair (Interview 34). During the study period, each time that council considered slowing the rate at which non-residential property taxes were reduced, the Chamber pushed council to stick with its original time frame (Buist 2003; Puxley 2004). The business tax reduction program was officially ended in 2007, but as Table 5.6 indicates, further reductions were made in 2009 and 2010 as well. The Chamber's position towards the end of the study period was that the City was becoming more competitive with respect to industrial property taxes, but that it would like to see further reductions. Despite the City's heavy reliance on residential property taxes, the Chamber feels that non-residential rates are still too high in comparison with residential rates (Interview 34).

Table 5.6 City of Hamilton Industrial Property Tax Rates⁵⁶

Year	Industrial Property Tax Rate (%)	Large Industrial Tax Rate (%)
2001	8.84	10.52
2002	8.05	9.44
2003	7.07	7.88
2004	6.73	7.54
2005	6.60	7.41
2006	6.26	7.02
2007	6.35	7.14
2008	6.44	7.24
2009 ⁵⁷	6.12	6.89
2010	5.84	6.58

Source: City of Hamilton 2001, 2002a, 2003b, 2004a, 2005a, 2006c, 2007a, 2008a, 2009c, 2010b.

⁵⁶ These are the total tax rates that apply to industrial properties in the former City of Hamilton. Rates are lower in the former lower-tier municipalities.

⁵⁷ The rate for new construction was 5.97 percent for industrial and 6.74 for large industrial in 2009. In 2010, the new construction rate for industrial was 5.7 percent and the rate for large industrial it was 6.44 percent.

In sum, both London and Hamilton reduced their industrial property tax rates during the study period. Hamilton's industrial property tax rate was more than a percentage point higher than London's at the start of the period. By 2010, London's rate was still lower but the difference was less than a tenth of a percentage point. Hamilton also has a higher large industrial property tax rate. Chambers in both cities pushed for lower industrial property taxes and their wishes were reflected in municipal policy. The differences between London and Hamilton on industrial property taxes are smaller than the other two areas, but the influence of private interests still appears to be stronger in London, where the industrial property tax rate has been consistently lower than in Hamilton, and there is not a higher rate in place for large industrial properties.

Discussion

This analysis of the influence of private interests over the three main financial incentives that municipalities in Ontario can offer to industrial firms indicates that, in developmental policy areas, private interests have greater influence over specialized governments. The chambers of commerce in both municipalities pushed hard for favourable policies for business interests in these areas, to varying degrees of success. During the study period, London had a large inventory of industrial land and sold a lot of serviced industrial land, all of it below cost. It waived DCs for industrial development, and had a consistently low industrial property tax rate. Hamilton had a minimal inventory of industrial land, on which it tried to break even. It began charging DCs for industrial development in 2004 – albeit at a discounted rate – and made reductions to its industrial tax rate, which began the study period well above the provincial average. Thus, although private interests are influential in both cities, their influence is stronger in London. The presence of a special purpose body, which has advocated for these same policy interventions, appears to be an important difference. The LEDC's main objectives have traditionally been to

attract and retain industrial development. Along these lines, it has pushed the City to develop policies that would allow it to pursue its mandate (Interview 29 and 31). The LEDC benefits from these policies without realizing the costs, which are absorbed by the City. Council has been swayed by the arguments of the LEDC and the Chamber and offers considerable support to businesses out of fear of losing out on investment. In Hamilton, where both the costs and benefits of these policies are realized within the municipal structure, private interests have had less sway. The City of Hamilton wants to be competitive with other municipalities, but it offers less financial support to business based on the premise that growth should pay for growth (or at least cover some of its costs). The consolidationists' hypothesis that private interests will have greater influence in specialized governments is supported by these findings.

5.5. Conclusion

In contrast to the previous chapter, the findings from this chapter tell a fairly straightforward story. For all three measures, accountability, policy coordination, and the influence of private interests, the hypotheses of the consolidationists are supported by the evidence. Economic development policy is different than public health, both in terms of the nature of the policy area and the level of involvement of the provincial government. But what the findings from both chapters seem to indicate is that special purpose bodies are more single-minded in the pursuit of their mandate than general purpose governments. Specialization insulates them from many of the demands that are placed on municipal departments. Depending on the policy area, this characteristic may have positive or negative consequences. In the case of economic development, which is primarily a developmental policy area, the consequences of specialization for accountability, policy coordination, and the influence of private interests were mostly negative.

The LEDC was created, at least in part, to distance economic development policy from the political process. As the results of the GAT indicate, this has been achieved. The LEDC did not receive a single point on the public access criteria and did only mildly better on the external accountability criteria. Hamilton's Economic Development Division on the other hand scored very well on the GAT. Both public access and external accountability are important for polycentrists' and consolidationists' understandings of accountability. For this policy area, the concerns of consolidationists regarding specialized governments seem to be warranted. Decision making at the LEDC is less visible than it is at the committee or council level in Hamilton and the City of London has less control over the direction of the LEDC than the City of Hamilton has over its Economic Development Division. The amount of insulation that is afforded to the LEDC is a common thread that runs through the two other measures.

While specialized governments are designed to limit the need for coordination between governments, the case of economic development policy in London is illustrative of the coordination challenges that can arise when there is too much fragmentation. The LEDC is the lead economic development agency in London; however, its functional mandate does not cover important economic development policy goals such as downtown revitalization and tourism, which are the domain of other specialized agencies. Moreover, agencies such as TechAlliance, the Stiller Centre, and the Small Business Centre also have responsibility for business retention and expansion and small business development. During the study period, the City of London tried to bring all of these organizations under the control of a single body in an effort to reduce redundancy and incoherence. Even though the City provides the bulk of the funding for most of these agencies, its efforts to better coordinate their activities ultimately failed because the process proved to be too acrimonious. The leadership of these disparate agencies feared losing their jobs

or their autonomy, and by drawing upon their own power bases on council and in the community, they derailed the City's plans for reform. As this process illustrates, specialized agencies are not always as flexible as most polycentrists would claim. In fact, they can be quite rigid. Even though their usefulness was questioned, these agencies were able to rebuke the City's coordination efforts and maintain their autonomy. Besides these governance challenges, the LEDC and the City of London also had incoherent goals regarding the sale of City-owned land. During these negotiations the LEDC viewed itself as an agent of the investor rather than the City, and would advise them to go into negotiations with offers that were below the City's asking price.

There were coordination challenges in Hamilton as well; however, these seem to be less protracted than in London. Amalgamation was credited with reducing competition and redundancy amongst the former lower-tier municipalities and allowing the City to better coordinate the delivery of economic development services. The City of Hamilton has had an economic development strategy in place since 2002, which ties together most of the City's economic development goals and is linked to a larger multi-departmental growth strategy. Different departments and divisions also share responsibilities for authoring various components of the economic development strategy. As the consolidationists would predict, compromises and trade-offs were made on council and as a result, the strategy has received fairly broad political support. Their hypothesis regarding the ability of general purpose governments to facilitate coordination better than specialized governments is supported, as the delivery of economic development services is better coordinated in Hamilton than in London.

Finally, private interests were more influential over economic development policy in London than in Hamilton. Again, the hypothesis of the consolidationists is supported. This

finding is related to the findings regarding accountability and policy coordination, in that the autonomy of the LEDC allows it to advocate more freely for policies that are in the private interest. The LEDC benefits from these policies without realizing the full cost. The chambers of commerce in both London and Hamilton pushed their respective municipalities to ensure that there was a ready supply of serviced industrial land, to waive or discount industrial DCs, and to keep industrial property taxes low. Although the gap in industrial property tax rates was closing towards the end of the study period, the City of London pursued all of these strategies more aggressively than the City of Hamilton. The City of London maintained a large inventory of industrial land, completely waived industrial DCs, and reduced its industrial tax rate. The City of Hamilton's inventory of industrial land was more limited, it introduced and gradually increased DCs for industrial development, and reduced its industrial property tax rate to a level that is closer to the provincial average. In Hamilton, economic development staff are part of a larger municipal department making the costs of these policies more evident. The recommendations that came from staff recognized the need to be competitive with neighbouring municipalities; however, they also made note of evidence which suggests that while financial incentives are considered by industrial firms, their decision to locate in a specific municipality rarely came down to these alone. Moreover, there was recognition amongst staff and politicians that growth should pay for growth. The Hamilton Chamber of Commerce lobbied the City on all three of these and its wishes are somewhat reflected in the City's policies, but, not to the same extent as in London. While similar discussions regarding the extent to which the City should be subsidizing business took place in London, the institutionalized voice of the LEDC seemed to add weight to the Chamber's lobby efforts on these issues. The City of London continued to

offer considerable financial support to businesses out of fear of losing out on investment opportunities.

In short, the hypotheses of the consolidationists were supported by all three measures. For economic development, which is a developmental policy area, general purpose governments are more accountable, better able to achieve policy coordination, and less susceptible to the influence of private interests. Together, these findings indicate that the relative power of business is stronger when economic development services are delivered by a special purpose body, and that municipalities that have an economic development corporation as their lead economic development agency will be likely to offer more financial support to business than municipalities that do not. When combined with the findings from the public health case study, it appears as though special purpose bodies are more single-minded in their pursuit of policies or initiatives that enhance their ability to pursue their mandate. This single-mindedness seems to be related to their autonomy from municipal control. The policy consequences of this characteristic appear to be different depending upon whether the policy area in question is allocational or developmental.

The next chapter seeks to test this hypothesis by comparing two conservation authorities with different geographical reaches. The approach taken for the final case study is different in that the comparison is made between two special purpose bodies rather than a special purpose body and a municipal department. Watershed management, like public health is an allocational policy area. It was selected because the boundaries of conservation authorities correspond to the boundaries of watersheds rather than existing municipalities. The Upper Thames River Conservation Authority (UTRCA) – the conservation authority that covers most of the City of London – has a jurisdiction that spans multiple municipalities, while the Hamilton Conservation Authority's (HCA) boundaries align closely with the City of Hamilton's. Based on the findings

from this chapter and the public health chapter, the hypothesis is that the UTRCA, which has a fragmented board, is likely to pursue its mandate more faithfully than the HCA, which has a consolidated board.

Chapter Six

Watershed Management

Responsiveness is another key performance measure in debates over municipal structure.

Polycentrists argue that fragmented political systems are more responsive to the preferences of affected residents than consolidated systems. Consolidationists argue that fragmented political systems are more responsive to the influence of private or special interests. Recent comparisons of special purpose districts and municipal departments from the United States are mixed. Mullin found that special districts with elected boards are more responsive to the median voter than municipal departments or special districts with appointed boards, when problem severity is low (Mullin 2009). But Berry found that special districts with elected boards are more likely to be captured by groups with a stake in the service that is provided (Berry 2009). The result is the allocation of benefits to special interest groups, at the expense of all taxpayers. In Ontario, the boards of most special purpose bodies are appointed, so the same comparisons are not possible. However, neither Mullin nor Berry consider how boards composed of appointed representatives from multiple jurisdictions may affect responsiveness. This is an important distinction for special purpose bodies like conservation authorities (CAs), because their jurisdictions are determined by their function rather than existing municipal boundaries.

Using watershed management as a case study, this chapter will illustrate the extent to which board composition matters for policy responsiveness. In the local government literature, responsiveness usually refers to the willingness of governments to respond to local preferences. However, preferences are mediated by governments, and in North American municipalities the voices of development interests are often the loudest. Indeed, the last chapter demonstrated that, while filtered through local government structures, private interests are influential in their

promotion of policies that are to their benefit, at the expense of municipal taxpayers. Insofar as this results in a systematic bias towards development interests in municipal politics, specialized governments that perform allocational functions and are more insulated from municipal control may be more likely to reflect the preferences of the median voter in the pursuit of their mandate. Like public health, watershed management is an allocational function with heavy provincial involvement. Here, responsiveness refers to the willingness of CAs to faithfully implement provincial policy when making recommendations on subdivision applications.⁵⁸

As will be explained below, watershed management is about considering the health of the watershed as a whole. Responsiveness to the provincial goals of watershed management may result in decisions that do not necessarily match the preferences of potential homeowners for large lots encroaching onto natural areas, or with the interests of those developers who would build and sell such homes, or with the preferences of municipal politicians for growth and a larger tax base. But it is in the provincial interest to ensure that resources are wisely managed and that public health and safety are protected. Decisions that limit the scope of traditional subdivision development and direct growth away from natural resources also reflect the preferences of the median voter. Conventional subdivisions cost more to service than more compact forms of development; therefore, the median voter's preference would be for more efficient forms of land use. Moreover, the median is pulled even further in instances where natural resources are affected, because many people care about their protection (Slack 2002). Decisions regarding land use are an important component of watershed management because development impacts watershed health. These impacts can be reduced, but this sometimes results in added costs and lost revenue for developers and municipalities. This is especially evident in

⁵⁸ This conceptualization of responsiveness as fulfilling a mandate has been used elsewhere as well (Koppell 2003, 181).

instances where subdivision developments abut particularly hazardous or sensitive areas of the watershed. Subdivision approval is a complex process. Municipalities and CAs have specific and sometimes overlapping roles in this process, and their interests can conflict.

The previous two chapters directly compared serviced delivery between municipal departments and special purpose bodies. The results indicate that special purpose bodies are more single-minded in the pursuit of their mandate, but that the policy consequences of this characteristic vary depending upon the nature of the policy area. The extent to which special purpose bodies are protective of their mandate also appears to be linked to their autonomy from municipal control. This seems to suggest that those special purpose bodies which are not under the control of a single municipality would be more faithful to their mandate than those that are. For this case study, the service – watershed management – is delivered by CAs in both London and Hamilton. The variable of board composition is isolated because the jurisdiction of the primary CA in each city is much different. The Upper Thames River Conservation Authority (UTRCA) – the CA that covers most of the City of London – has a jurisdiction that spans multiple municipalities, while the Hamilton Conservation Authority's (HCA) boundaries align closely with the City of Hamilton's. Representatives from the City of London comprise a much smaller contingent on the UTRCA board, as compared with City of Hamilton representatives on the HCA board. London appoints four out of 15 members to the UTRCA board, while Hamilton appoints 10 out of 11 HCA board members.

The hypothesis is that the UTRCA will be more responsive to the provincial mandate, because its more fragmented board insulates it from municipal control. Responsiveness is measured as the percentage of subdivision applications that encroach upon natural hazard and natural heritage features regulated by CAs, for which the UTRCA and HCA recommend

deferral. A recommendation of deferral means that the CA does not support moving the application forward unless certain changes are made to the plan of subdivision or more information is submitted. This is representative of the preventative and precautionary approach advocated by the province to ensure that development does not negatively impact watershed health. This also reflects the preferences of most existing residents, because they would prefer development to be sited away from natural resources. The findings indicate that board composition affects policy responsiveness in the direction anticipated by the polycentrists. The UTRCA deferred a greater percentage of subdivision applications during the study period and this difference is statistically significant after the introduction of updated regulations in 2006. Although CA boards are not directly involved in making recommendations on specific subdivision applications, the extent to which they are prepared to protect their mandate – even when this may conflict with municipal interests – has implications for organizational capacity and the attitudes of staff members. This in turn impacts the ability and willingness of CA staff to seize new regulatory responsibilities.

The chapter proceeds in five sections. This first provides background information on the UTRCA and the HCA, and their relationships with the City of London and City of Hamilton, respectively. Not much has been written about CAs from a local government perspective. So, apart from introducing the case study, this section will also provide some context to the complex relationships between CAs and member municipalities. The second section will explain the provincial interest in watershed management and its development. The third section outlines the roles and responsibilities of CAs in the municipal land-use planning process, with a specific emphasis on draft plan of subdivision approvals. All of this sets up the fourth section which tests the hypothesis. Data for the responsiveness measure is drawn from official correspondence

between the UTRCA and the City of London, and between the HCA and the City of Hamilton. The fifth concludes.

6.1. Case Background

In Canada, the provinces and territories have primary responsibility for the management of water resources.⁵⁹ Furthermore, several provinces (Alberta, Ontario and Quebec) have delegated decision making over this policy area to the local level in an effort to match up governance units with watershed boundaries (Hill et al. 2008, 317). Watershed based management is an important organizational principle in the water resources literature. The idea that governing bodies should correspond with watershed boundaries has been widely promoted (Blomquist and Schlager 2005, 101; Cervoni, Biro and Beazley 2008, 335). Watershed management is advocated as a means of bringing all relevant stakeholders to the table and making decisions that consider the health of the watershed as a single unit. The problem is that political boundaries do not often align with watersheds. In this regard, supporters of watershed management argue that existing jurisdictions should cooperate, be combined, or have responsibilities transferred, in order to create institutions capable of corresponding to the watershed (Blomquist and Schlager 2005, 103). This type of institutional arrangement matches jurisdictions with the “geography of the problem” to be addressed, something that is advocated by polycentrists (Frey and Eichenberger 1999). However, matching natural and political boundaries has not proved to be a straightforward exercise in most places (Blomquist and Schlager 2005, 104). Among the provinces, Ontario has the longest tradition of watershed management, and its conservation authorities (CAs) are the most comprehensive watershed-based governing arrangements in place in Canada (Cervoni, Biro and Beazley 2008, 336).

⁵⁹ Exceptions include federal jurisdiction over boundary and transboundary waters and inland fisheries.

The Conservation Authorities Act was passed by the Ontario Legislature in 1946. This legislation allows for the incorporation of CAs as a means to coordinate provincial and municipal policies and interests and to encourage watershed based decision making. The act does not compel municipalities to form CAs; instead, they are established after municipal governments take the initiative. Two or more municipalities within a given watershed must first petition the minister responsible (initially Public Works, now Natural Resources). After this takes place, the minister will convene all the municipalities in the designated watershed to vote on whether or not a CA will be formed (Mitchell and Shrubsole 1992, 14, 15, 64).⁶⁰ Once established, CAs are governed by a board appointed by member municipalities, many of whom are municipal politicians. Representation on the board is determined by the population of participating municipalities.

There are currently 36 CAs in Ontario. More than 12 million people or approximately 90 percent of the population live in watersheds managed by a CA. CAs have a combined annual operating budget of over \$300 million (Conservation Ontario 2011). Originally, provincial funding accounted for half of CAs' budgets, but since the early 1990s the provincial share has been reduced dramatically and CAs have diversified their revenue sources. In general, the breakdown is as follows: 37 percent self-generated, 43 percent municipal, three percent federal and 17 percent provincial (Ibid). Investment in flood control infrastructure is the only area where the province still fully shares costs with CAs. CA budgets are set by the governing board and member municipalities are sent a levy for their share of the overall budget. The levy is determined by property assessment values.⁶¹ Member municipalities may appeal levy amounts to

⁶⁰ In order for this motion to pass, two-thirds of the affected municipalities must agree to the creation of a CA.

⁶¹ The property values for all of the land under a CA's jurisdiction are aggregated. Member municipality contributions are based upon the assessment value of the proportion of land that is under the CA's jurisdiction, as a ratio of the CA's aggregate assessment base.

the Mining and Lands Commissioner, whose decision is final and binding.⁶² With boards made up predominantly of municipal politicians, and member municipalities representing the largest source of funding, some have called into question the ability of CAs to make decisions that are best for the watershed, especially when they run contrary to the wishes of the municipality that is directly affected (Chung 2007).

The Upper Thames River Conservation Authority (UTRCA)

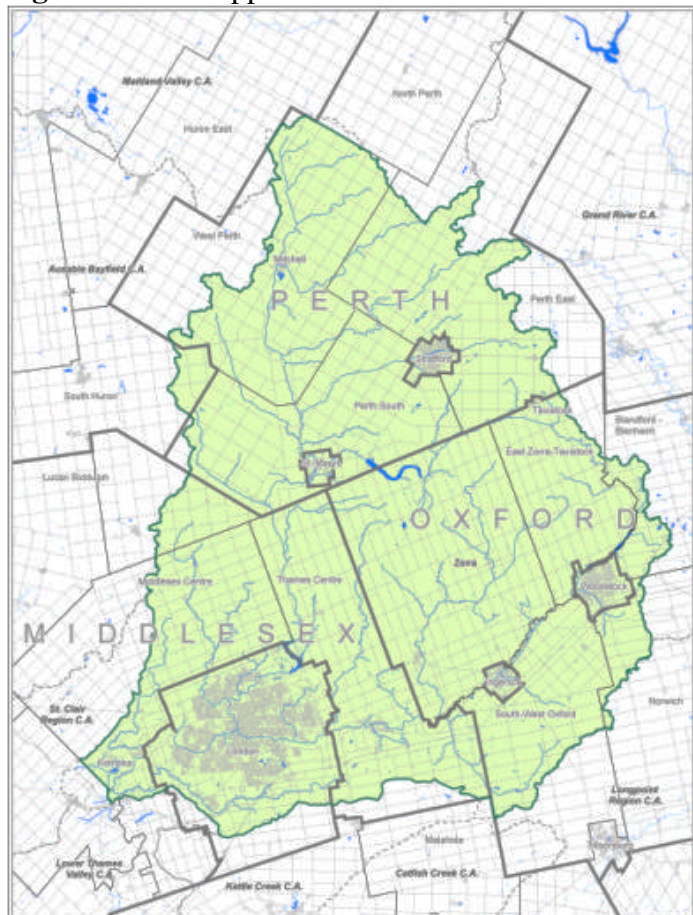
The Thames River is the second largest watershed in southwestern Ontario. It has three main starting points, which converge in London. It then flows parallel to the Lake Erie shoreline until it enters Lake St. Clair (Thames River Coordinating Committee 2000, 3). The governance of the Thames River watershed is divided between the Upper Thames River Conservation Authority (UTRCA) and the Lower Thames River Conservation Authority (LTRCA). After initial efforts to form a CA covering the entire Thames River watershed in 1947 failed, a CA was established in the upper catchment, where support for an authority was the strongest. It was not until 1961 that the LTRCA was formed. Although the province has recommended the amalgamation of the UTRCA and the LTRCA, member municipalities have been reluctant to undertake such a merger (Shrubsole 1996, 327).

The jurisdiction of the UTRCA spans approximately 3,400 square kilometers, serving a population of 485,000 within Perth, Huron, Oxford and Middlesex Counties, the City of London, the City of Stratford, and the separated town of St. Marys (see figure 6.1 below). The UTRCA is not the only CA with jurisdiction in London. London is also a member of the Kettle Creek

⁶² The Mining and Lands Commissioner is a provincially appointed, independent judicial officer with a wide range of hearing responsibilities under the Ministry of Natural Resources Act, the Mining Act, the Oil, Gas and Salt Resources Act, the Assessment Act, the Lakes and Rivers Improvement Act, and the Conservation Authorities Act (Ontario Mining and Lands Commissioner 2012).

Conservation Authority, and the Lower Thames Valley Conservation Authority, but most of the city is covered by the UTRCA's jurisdiction.

Figure 6.1 The Upper Thames River Conservation Authority Watershed



Source: UTRCA 2006b

The UTRCA has 15 board members, four of whom are appointed by the City of London. During the study period two of these appointees were municipal politicians and two were citizen representatives. For 2009 and 2010 the approved operating budget for the UTRCA was approximately \$13.2 million and \$12.9 million, respectively. In 2010, the municipal levy represented 26 percent of UTRCA's revenues, of which the City of London is responsible for around 66 percent. So for 2010, London's financial commitment to the operating budget was

approximately \$2 million (UTRCA 2011, 3).⁶³ On budgetary matters, voting is weighted so that London's voting weight is 50 percent. On other matters, a majority vote is taken. Despite the apparent degree of control that this gives the City over the annual budget, the UTRCA gets resistance from the City over the levy, at some level, in most years. According to one UTRCA staff member, there is "resentment that CAs have the ability to levy municipalities" and if the request is anywhere over a zero percent increase, there will be resistance (Interview 4). This resentment was apparent in the comments made by a municipal politician when asked about the levy.

Upper Thames' request is usually higher than most of the other CAs, percentage wise. And there is not much compromise on their part. It is generally "this is what we want; this is what we are going to get." Because we don't have any control, if they come in and ask for 10 percent, the provincial government says, "you gotta give it to them." So there is not much room for negotiation with them. I know with some of the other CAs, they are a little bit more flexible. They can come and say we can come in with this; these will be the consequences if we do it. Upper Thames doesn't do that. (Interview 13)

There is also a separate flood control capital levy, which represents funding for the board-approved 20 Year Capital Maintenance Plan for Water and Erosion Control Structures. This levy is used to cover the costs associated with the operation and management of water and erosion control structures on behalf of member municipalities. Its long term outlook is intended to allow for flexibility in the timing and financing of major capital repairs and to leverage senior government funding. The City of London's contribution is set at just over \$1 million annually (UTRCA 2011, 31). This has been a point of contention of late. The levy was originally the City of London's idea. City finance staff, frustrated with the CA's requests for one-off capital projects year-after-year, asked the CA to come up with a 20-year financing arrangement that would be levied on an annual basis. However, the City's position changed after the turnover of some high

⁶³ London's population comprises about 75 percent of the watershed's total population, but the municipal levy is determined by the aggregate assessment base of all of land under the jurisdiction of the CA.

level staff. Finance's new position was that this levy gave the CA too much control. Staff were also concerned about the amount of interest London's contribution earned to the benefit of the UTRCA (Interviews 3 and 4). The City wants to return to the pay-as-you go system. UTRCA staff prefer the annual levy, because it allows them to plan in advance, reduces their exposure to risk, and avoids political arguments, as it is a fixed amount with no annual increases. There has been a two-year attempt to renegotiate this agreement (Interview 4).

Relationship between the UTRCA and the City of London

In general, the relationship between the UTRCA and the City of London can be described as productive and mutually beneficial; however, most interviewees also identified areas of the relationship where there is considerable tension (Interviews 1, 2, 4, 10, and 13). In terms of the positive aspects of the relationship, most recognized that there are economies of scale in the services delivered by the UTRCA (Interviews 1, 3, 4, and 10). Examples include financing, maintaining the infrastructure necessary for managing the watershed, and staff resources. As well, London is the municipality furthest downstream and thus benefits from all of the UTRCA's watershed management activities (Interview 4). For example, as part of its mandate for flood protection, The UTRCA operates three upstream dams and a number of dykes throughout the city. The UTRCA also manages more than 15,000 acres of natural areas. This includes all seven of the Environmentally Significant Areas located in the city, which are managed under contract by the UTRCA (Interview 3).

In addition, most City staff value having a third party involved in land-use planning. As one interviewee explained, "[t]he City of London, from a flood control perspective, it would be hard pressed to tell the City of Stratford that they should do planning in a certain way to protect the interests of the City of London" (Interview 10). However, it was also noted that certain staff

within the Engineering Department would like to take over some of the UTRCA's core functions, such as the review of regulatory flood plain limits (Interviews 4 and 10). This apparent 'mandate creep' (Interview 4) could result in even more conflict between the UTRCA and the City. A committee of council concerned with investment and economic development has recently instructed City staff to engage in discussions with the CA regarding flood plains in certain areas of the city. As one municipal politician explained:

Because a lot of our conservation plans and a lot of our rules and regulations, guidelines, were established in the 1930s, there is a whole lot of difference between now and then. We have a big dam out at Fanshawe, we have flood controls, we've got storm water management ponds which stops having these big surges on the sewers and all that stuff, we have done a lot of different things to try and alleviate that but the rules are still the same... There are places where you can build a building that might happen to be in the flood fringe and they don't want you to build it there, but you can build it in such a way that it doesn't create a problem. I mean hell, you can build a building on pylons and use the under part for parking. The housing part of it is well above what would ever happen in a flood but we don't allow that. (Interview 13)

This is in direct contrast to UTRCA staff, who argue that the types of extreme weather events associated with climate change will put added stress on the system and makes regulating to at least the 250-year flood level even more important (Interview 3).

As mentioned above, budgetary matters are often another source of controversy. A recent dispute between the UTRCA and the City of London over fees levied for a new \$12 million administrative headquarters is instructive in this regard. Briefly, a councillor sat as the chair of the UTRCA Board of Directors and all of the City's representatives voted in favour of the project. The UTRCA sent out its first levy request for the new building in February 2009. London's share was \$1.25 million. The City of London received the invoice on February 26, 2009, the day after council had set its budget for the upcoming year. The mayor, deputy mayor and other members of council were all caught off guard despite the City's representation on the

board. The City appealed the levy to the Mining and Lands Commission (Sher 2009d; Interview 4).⁶⁴

The apparent confusion has been attributed to different assumptions made by the City and the CA. Originally, this project was to be undertaken with the help of federal and provincial stimulus money. When the project was not approved for stimulus funding, the City assumed that it would be sidelined. It was the intent of the CA to go ahead regardless.⁶⁵ In early 2010, the UTRCA imposed a levy for the remainder of the building. London's share was set at approximately \$6.6 million (City of London 2011c). Construction began in the fall of 2010, and the City and UTRCA reached an agreement on a payment schedule in early 2011 (Ibid). Despite reaching an agreement, the administrative building has caused some strain in the relationship between the City and the CA. A staff member at the UTRCA complained that some of the obstacles put up by City staff around site plan approval for the new building seemed overly cumbersome (Interview 4). And a municipal politician made the case that the building levy issue is representative of the UTRCA's tendency to make financial demands on the City rather than negotiate budget requests (Interview 13).

The Hamilton Conservation Authority (HCA)

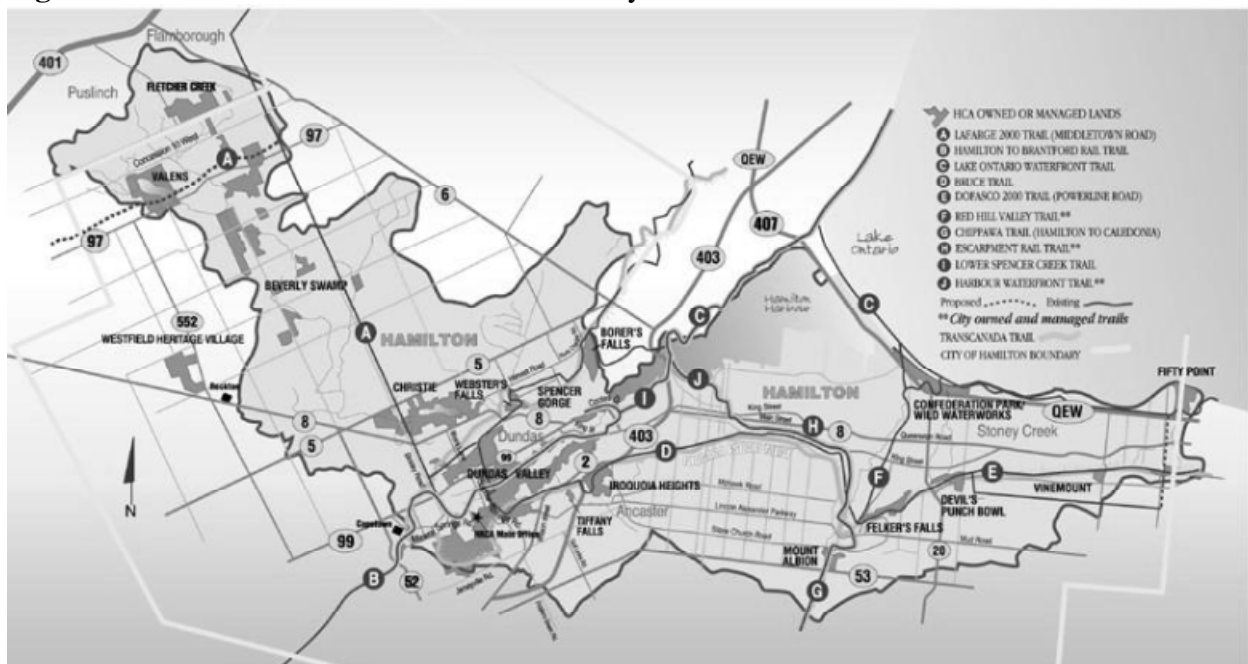
The jurisdiction of the Hamilton Conservation Authority (HCA) encompasses most of the City of Hamilton, and parts of the Town of Grimsby and the Township of Puslinch. This area is approximately 477 square kilometers and is home to a population of approximately 400,000 people. The HCA also holds 10,700 acres of environmentally sensitive land in public trust. The

⁶⁴ The appeal has since been dropped.

⁶⁵ The response of UTRCA's general manager to council's questions on this matter illustrates the type of coordination challenges faced when projects of this nature are to be undertaken. He explained that the UTRCA's board of directors approved the budget for the new building on February 17. After which, the budget had to be finalized and printed, and then sent with an accompanying letter to each of the member municipalities. He conceded that a call to the City before the budget was set may have been prudent, but was quick to point out that the Authority also had to notify sixteen other municipalities and one county (Sher 2009c).

first version of what is now the HCA was established in 1958 as the Spencer Creek Conservation Authority. Member municipalities included the Townships of Puslinch, East Flamborough, West Flamborough, Beverly and Ancaster and the Town of Dundas. In 1966, parts of the City of Hamilton and the City of Stoney Creek came under its jurisdiction. At that time, it was renamed the Hamilton Region Conservation Authority (HCA 2009b, 3). After amalgamation in 2001, it was renamed the Hamilton Conservation Authority (HCA).⁶⁶ In addition to the Spencer Creek watershed, the HCA includes the Red Hill Creek watershed, Stoney Creek, Battlefield Creek, Borer's Creek, and Chedoke Creek. All of these watercourses ultimately drain into Lake Ontario (see Figure 6.2 below). While most of the City of Hamilton falls under the jurisdiction of the HCA, the City is also a member of Conservation Halton, the Niagara Peninsula Conservation Authority and the Grand River Conservation Authority.

Figure 6.2 The Hamilton Conservation Authority Watersheds



Source: HCA 2009b

⁶⁶ For legal purposes, the official name remains the Hamilton Region Conservation Authority.

The HCA has 11 board members. The Township of Puslinch appoints one member and the City of Hamilton appoints the other 10. During the study period, five City of Hamilton appointees were municipal councillors and five were citizen representatives. As one City of Hamilton politician put it, “for lack of a better word, we kind of dominate the board” (Interview 11). For 2009 and 2010, the approved operating budgets for the HCA were approximately \$10.9 million. Municipal levies represent approximately 30 percent of the HCA’s total revenue. In 2009, Hamilton contributed approximately \$3.4 million; its 2010 contribution was closer to \$3.5 million. Over the same period, Puslinch’s contributions were \$9,602 and \$9,794. The HCA takes two votes on the municipal portion of its operating budget. The first vote is for the much smaller, matching levy, which matches a provincial transfer of approximately \$174,000. This vote is taken by a simple majority. The second vote is for the non-matching levy and represents the bulk of the municipal contributions. For this vote, each Hamilton representative has a weighted vote of 9.9721 percent and the Puslinch representative’s vote is worth 0.279 percent. The HCA also operates Confederation Park and Westfield Heritage Village behalf of the City of Hamilton, for which the City provides funding of around \$900,000 annually (HCA 2009a, 2010).

The HCA follows the City of Hamilton’s recommendation on its annual levy, even if it means putting the financial well-being of the HCA at risk. This is directly related to board structure (Interviews 5, 11, and 14). For example, a board-initiated review of the HCA’s finances in the mid-2000s, recommended a 23 percent increase in revenues in order to ensure financial sustainability. The board accepted that the CA was on weak financial footing, but maintained that the City budget guideline is what the CA will get. According to one staff member from the HCA:

Subsequently, the board has said to us as staff, don’t even bother coming in with an increase over Hamilton’s established guideline for a levy increase. So I don’t

bother doing that anymore, because they've told me not to. So it goes to my board, my board approves the budget, it goes on to Hamilton, because we've met the guidelines – thank you very much – we get a pat on the back, they always acknowledge our fiscal responsibility. And I say that because some of my other colleagues and specifically, I'll refer to Halton... He always gets lambasted because the majority of his levy comes from Halton Region which is a growth municipality... So if he needs five, six, seven percent and actually one year 11 or 12 percent, he gets it. Comes to Hamilton and it's the same thing, though Hamilton's share of the levy is small... he gets lambasted... because he's coming in at six percent and we're coming in at zero. (Interview 5)

Nonetheless, a municipal politician with HCA board experience recognizes the challenges that this situation poses for the HCA:

Although there are a lot of good reasons to have just one municipality to deal with, that municipality can call the day. We kind of have to almost adhere to that city's perspective. In this case, coming in at zero or one percent... My view is that we are reaching a point where we need to talk about sustainability of the Authority's finances... So I am playing a dual role where I know at the budget table we are asking for zero and I need to sell this to my colleagues – the Authority budget. On the other hand, I am looking at the Authority budget realizing there is going to be some challenges at zero. (Interview 11)

Relationship between the HCA and the City of Hamilton

Most interviewees described the relationship between the HCA and the City of Hamilton as excellent or very good (Interviews 5, 8, 11, and 14). Municipal politicians and staff noted that the relationship with the HCA is markedly different than the relationship with the other three CAs with jurisdiction in Hamilton. And interviewees from both the CA and the City described this relationship as more favourable than those where the CA has multiple municipalities to deal with (Interviews 5, 7, and 11). The close working relationship between staff at the City and the HCA was used by some as an example of a positive benefit of this more bilateral arrangement (Interviews 6, 7, and 8). However, the nature of this relationship sometimes means that the City sees the HCA as “a department of the City, as opposed to a separate entity, the way they see the Halton Conservation Authority, the Grand, or the Niagara CA” (Interview 6). Indeed, it seems as

though former HCA chairs and senior staff exerted greater independence under the former regional government than they have since amalgamation (see McGuinness 2003, A2; Vanderburg 2003, A9).

Another positive aspect of the relationship noted was the role of the HCA as a champion of natural space and open areas through the operation of conservation areas, and some parks on behalf of the City. As one interviewee put it, the HCA has “supplemented the City’s parks and recreation system, by developing its own inventory of lands that are offered to the public for the same reasons” (Interview 14).

Along these lines, the City of Hamilton and the HCA have worked cooperatively to ensure that the Eramosa Karst is protected from development. The Karst is characterized by limestone bedrock that has been partly dissolved by rain; the result is a drainage system that flows both above and below ground. Its features include stream caves, sink holes, dry valleys, and disappearing and reappearing streams (Morse 2002). The area was slated for development in the late 1990s before it was designated as an Area of Natural and Scientific Interest. A joint lobbying effort by the City and the HCA saw approximately 180 acres of the Karst lands, originally owned by a provincial crown corporation, transferred to the HCA in 2006 for the nominal fee of two dollars. The area was opened to the public as a trail-orientated conservation area in 2008 (McGuinness 2008).

More recently, the City and the HCA re-engaged the province in an effort to protect surrounding feeder lands. This land was originally the proposed site for a mix of housing, institutional, and retail development, but was designated as open space in the City’s new official plan (Leitner 2011). Proponents of protecting the feeder land have argued that it is very similar to the land that has already been protected, and that the Karst ecosystem is reliant upon a supply

of clean water that would be negatively affected by development (Boase 2007; Reilly 2011). The provincial crown corporation originally asked for market value for the lands, which is around \$800,000. However, it and the HCA have since agreed to a renewable 20-year lease agreement for the lands that will see the HCA pay the province a nominal fee of one dollar per year (Van Dongen 2011a, 2012).

The relationship between the City and the HCA has had its challenges as well. For example, the construction of the Red Hill Valley Parkway (RHVP) was a longstanding issue of contention. The RHVP, which connects an expressway and a provincial highway, opened in 2007 more than 50 years after it was first proposed. Supporters of the RHVP saw it as a way to divert traffic from the downtown core, but the HCA had long argued that the Red Hill Creek Valley should be protected from development (see footnote for a brief history).⁶⁷ Nonetheless, the construction of the RHVP has not seemed to cause any lingering tensions between the City and the HCA. When asked about this, interviewees from the both the HCA and the City explained that once it was clear that the road was going to be built, the HCA directed its attention to ecological restoration and mitigation activities, and to developing trails in the area (Interviews 5 and 11).

⁶⁷ In 1985, a provincial panel approved plans for the expressway. The HCA and a local environmental group unsuccessfully appealed the decision, and the provincial cabinet eventually directed the HCA and the Niagara Escarpment Commission to issue the necessary permits. After years of stops and starts and revisions, construction began in 2004 (The Hamilton Spectator 2005). Leading up to this point, representatives of the HCA maintained their opposition to the RHVP. In 1997, then chair of the HCA, Al Stacey, spoke out strongly against a plan to reroute a creek instead of building a viaduct over it and to reduce spending on storm water drainage (Humphreys 1997). And again in 2002, Al Stacey and two other former chairs of the HCA made their case for a one-year delay in order to examine the possibility that an expressway planned by the neighbouring Region of Niagara could negate the need for the RHVP (McGuinness 2002). Now that the RHVP is open, some of the concerns expressed by the HCA regarding flooding have become evident. For example, the parkway – built to the 100-year storm level – flooded four times between 2009 and 2010 causing accidents and road closures (Prokaska 2010). A dam intended to manage the water levels of the Red Hill Creek has recently been completed. The HCA was involved in the approval process for the dam structure, and the project was delayed for nearly a year in order to satisfy the conditions imposed by the HCA and the Ministry of Natural Resources (Van Dongen 2011).

6.2. The Provincial Interest in Watershed Management

As the previous sections illustrate, the relationship between municipalities, CAs and the province is complex. This section will explain the provincial interest in watershed management. The extent to which CAs are responsive to the provincial interest is the dependent variable for this case study. The province defines a watershed as being “the entire catchment area, both land and water, drained by a watercourse and its tributaries” (Ontario 1997, 2). As watershed based management agencies, CAs are important players in meeting the province’s goals for watershed management. These goals have evolved over time as the emphasis has shifted from flood management, to drainage plans, to the current conceptualization that considers the watershed as the appropriate scale for a more coordinated, ecosystem based approach to land-use planning (Ontario 1993c, 4; Conservation Ontario 2003, 7). Climate change and its impact on the Great Lakes, the frequency of extreme weather events, and the changing range of different plants and animal species has also moved the process forward (Conservation Ontario 2010a, 98).

Since the early 1990s, the province has issued a number of policy documents and statements intended to inform land-use planning and protect natural resources – which often extend beyond the boundaries of individual municipalities. In 1993, the province issued three related watershed planning documents that lay out the process behind, and the benefits of, a watershed approach, such as the protection of ecosystem and human health (Ontario 1993c, iv). Each document deals with a different stage of watershed planning. The first tackles watershed planning on the watershed scale. The second is concerned with subwatershed planning. And the third explains how the objectives of watershed management can be incorporated into municipal planning documents. The technical components of these planning documents differ depending on the scale, but the underlying principle is that land-use decisions in one part of the watershed will

have an impact on all of the natural features and processes within the watershed, because of the circulation of surface and ground water (Ontario 1993b, 3). The policy documents all recognize CAs as key players at each stage of the process (Ontario 1993a, 1993b, 1993c).

All three documents recognize that short-sighted decisions based on the immediate economic impacts of urban and industrial growth have traditionally won out over the long-term ecological and economic benefits of natural resource management. These reports make the case that integrating broader ecological considerations into the planning process will result in land-use patterns that protect ecosystem and human health and avoid the need for expensive and complicated adaptive measures (Ontario 1993b, 11; 1993c, 4). As the policy document on watershed planning explains:

It is wrong to assume that the adverse effects of human activity can always be eliminated or rendered ecologically insignificant through mitigation, regardless of how costly the measure or how good the intention. Such measures cannot replace good planning – better and earlier environmental considerations in land-use decisions. (Ontario 1993c, 22)

These reports draw the conclusion that watershed management is in the public interest, “[u]ltimately, a failure to sustain natural ecosystems undermines the well-being and property rights of all individuals” (Ontario 1993b, 11). Thus, land-use planning decisions informed by watershed and subwatershed studies are beneficial for not only the environment but for the social and economic well-being of communities and individuals as well (Ontario 1993a, 3).

In 1997, the province conducted an evaluation of the progress made towards watershed management since the release of the three guidance documents in 1993. Aside from reaffirming the need for watershed management, the evaluation identifies areas for improvement and further develops some key conceptual terms. For example, the report includes a more definitive description of watershed management as, “a process of managing human activities in an area

defined by watershed boundaries in order to protect and rehabilitate land and water, and associated aquatic and terrestrial resources, while recognizing the benefits of orderly growth and development” (Ontario 1997, 2). The report also notes that the many of the elements of watershed management are supported by the Provincial Policy Statement (PPS), which the province first issued in 1996.

Provincial Policy Statements are issued under section three of the Planning Act, and are intended to ensure that all municipal and provincial planning decisions promote provincial interests, such as building strong communities, wisely managing resources, and protecting public health and safety. In 2005, when the PPS was last updated, the wording in the Planning Act was strengthened requiring planning authorities to “be consistent with” rather than just “have regard to” policy statements issued under the act. Thus, all public agencies that exercise authority through this legislation seek to ensure that all planning applications are consistent with the PPS. This includes municipal governments and CAs.

In general, the PPS “focuses growth within settlement areas and away from significant or sensitive resources and areas which may pose a risk to public health and safety.” According to the PPS, efficient development patterns “support the financial well-being of the province and municipalities over the long-term, and minimize the undesirable effects of development, including impacts on air, water and other resources.” With respect to the management of resources, the PPS recommends a preventative approach, “[t]aking action to conserve land and resources avoids the need for costly remedial measures to correct problems and supports economic and environmental principles” (Ontario Ministry of Municipal Affairs and Housing 2005, 3). Section one of the PPS states that a coordinated, integrated and comprehensive

approach to planning should be taken, which includes considerations for water, ecosystem, shoreline and watershed related issues, and natural hazards among others.

Reviews of planning applications by CAs pertain predominantly to sections two and three of the PPS. Section two is concerned with resource management and restricts development and site alteration in significant habitats of endangered or threatened species, significant wetlands, and significant woodlands. It recognizes the watershed as an “ecologically meaningful scale for planning” and restricts development and site alteration in or near sensitive surface water and ground water features. It also includes a statement on stormwater management (SWM) practices, which should minimize volume and contaminant loads, and maintain or increase vegetative cover and pervious surfaces. Section three is concerned with public health and safety. CAs have been delegated responsibilities from the Minister of Natural Resources to represent the provincial interest regarding natural hazards, which is section 3.1. This section restricts development on hazardous lands susceptible to flooding, erosion, or dynamic beaches (unstable shoreline sedimentation along the Great Lakes-St. Lawrence River System and the shorelines of large inland lakes).

The provincial interest in watershed management is explained in greater detail through a number of reference manuals and technical documents issued by the Ministry of Natural Resources (MNR) to help planning authorities, commenting agencies, and the Ontario Municipal Board (OMB) understand and interpret sections two and three of the PPS. Two editions of the Natural Heritage Training Manual have been released, one in 1999 and one in 2010. These manuals both recognize that earlier planning practices which emphasized the protection of individual natural heritage features failed to take into account the interconnectivity of natural heritage systems. Ecosystem or watershed based planning is encouraged as a way to maintain

ecological functioning and prevent landscape fragmentation (Ontario MNR 1999, 35; 2010a, 18). The updated manual recognizes that CAs have been granted the authority, through the Conservation Authorities Act, to restrict and regulate development in and near wetlands.

As the delegated provincial interest for natural hazards, the natural hazards technical guides also speak directly to the work of CAs. These guides recognize that there are numerous and often competing interests involved in the land-use planning process (Ontario MNR 2002a, 5; 2002b; 8). With respect to river and stream systems, development pressures have resulted in negative impacts to shore and aquatic ecosystems (Ontario MNR 2002a, 80). As a result, the MNR argues that in order for environmental concerns to be effectively addressed, they must be mainstreamed throughout the land-use planning process. The reports state that too often, environmental concerns are not considered until later stages when preventative or mitigative measures that should have been identified earlier become too costly to implement (Ibid, 84). MNR's objectives, as they pertain to municipal planning decisions, involve achieving ecological sustainability and the protection of life and property from flooding and other water related hazards (Ontario MNR 2002a, 5; 2002b, 8). Thus, the MNR advises that "effective ecosystem and natural hazards management requires implementing agencies to manage not only the physical hazards (e.g., flooding, erosion, dynamic beaches, unstable soils, unstable bedrock), but to recognize and understand the potential impacts of any such action on the local environment or ecosystem" (Ontario MNR 2002a, 83). While recognizing that prevention is not always possible, the report makes the case that it is the preferred natural hazard management response. All other things being equal, developments that are sited to allow for the unimpeded continuation of functional flood plains and stream systems will be more likely to achieve public safety and

environmental goals, than developments that require protection works of one kind or another (Ibid, 68).

In 2006, the province passed the Clean Water Act. This legislation was formulated based on the recommendations of the Walkerton Inquiry and is intended to protect the sources of municipal drinking water.⁶⁸ Under the act, communities are required to identify potential threats to the safety of their drinking water supplies and develop a watershed based plan to minimize or eliminate these threats. Source Protection Committees were first established in 2007. They are made up of representatives from local municipalities, agriculture and other local industries, and members of civic associations, and the general public. They receive administrative and technical support from CAs and municipal staff. The basis of the Source Protection Plans are Assessment Reports, which are technical documents that consider the entire watershed. They include information such as “the physical characteristics of the land, land uses, where drinking water sources are located, how much water is being used and how much is available for future uses, where vulnerable water source areas are located, what issues already compromise drinking water sources and what threatens drinking water sources from overuse and contamination” (Conservation Ontario 2009b, 1). The Clean Water Act represents another expansion of the provincial interest in watershed management to include the protection of drinking water sources, and is a clear expression of the need to include affected stakeholders.

As part of this ongoing trend towards a fuller understanding of watershed management, there has been an accompanying shift in emphasis towards integrated watershed management. A report issued by Conservation Ontario (the peak organization for CAs in Ontario), the Ontario Ministries of Natural Resources and the Environment, and the Department of Fisheries and

⁶⁸ As mentioned in Chapter Four, the Walkerton Inquiry was an independent provincial commission headed by Justice Dennis O’Connor. The commission was established to investigate an E-coli contamination of Walkerton’s water system in the spring of 2000, which resulted in hundreds of confirmed illnesses and several deaths.

Oceans Canada in 2010, defines IWM as: “managing human activities and natural resources in an area defined by watershed boundaries aiming to protect and manage natural resources and their functions today and into the future” (Conservation Ontario 2010a, 4). This is a more encompassing and continuous process that involves “adaptive environmental management” as watershed plans are implemented, monitored, reported on and updated in order to account for new or changing environmental stressors (Ibid, 10). During a five year review of the PPS in 2005, Conservation Ontario supported the Environmental Commissioner of Ontario’s recommendation that the PPS be amended to require integrated watershed management planning (Conservation Ontario 2010b, 5). At the time of writing, the PPS has not yet been updated.

In sum, the province has a strong interest in watershed management. While this section has glossed over some of the political dynamics that have been involved in this policy area over the past few decades, the intent was to account for the general trend towards an increasingly robust conceptualization of watershed management that is gaining teeth through the PPS, the Conservation Authorities Act, and the Clean Water Act. The concept of watershed management has evolved from its early concerns with flood management to include considerations of river and stream systems, groundwater, wetlands, woodlots, and environmentally significant areas. There is also a clear indication that the province favours a preventative and precautionary approach where development may have an impact on watershed health. The next section will explain the role of CAs in the subdivision approval process and the regulatory and planning authority that they have at their disposal. The UTRCA and the HCA are drawn on as examples.

6.3. The Role of Conservation Authorities in Land-Use Planning

CAs have been granted a number of powers, including responsibility to develop a natural resources management strategy for the watershed, prevent flooding, build dams, and purchase

land. As a result, they take on a number of different roles and responsibilities in different policy areas and under different circumstances. With regards to land-use planning, CA's provide plan input and review services to the municipalities within their jurisdiction through the review of proposals submitted under the Planning Act. These include official plans and amendments, zoning by-laws, consents, draft plans of subdivisions and condominiums, and site plan approvals. Commenting on planning applications is a critical component of the CA program, as land-use change is one of the most significant threats to watershed health (David Suzuki Foundation 2012, 23). Since this dissertation is concerned primarily with draft plans of subdivision, this is the plan review process that will be explained here.

Plans of subdivisions are required when land, which is to be sold, is divided into more than two parcels. In this dissertation, the focus is on residential subdivisions (as opposed to industrial subdivisions). Plans of subdivision include information on lot sizes and locations, the names and locations of streets, and the location of schools or parks. Both London and Hamilton have been delegated approval authority for plans of subdivisions by the Ministry of Municipal Affairs and Housing (MMAH). Applications are managed by the respective planning departments. Once an application is received and accepted for consideration, the planners managing the file have 30 days to deem whether the application is complete. If the application is found to be complete, the planning department has 180 days from the date of submission to make a decision on draft approval (Interview 10). Planning staff must also circulate the application to the various agencies, boards, and commissions with regulatory or commenting responsibilities.

CAs are notified of subdivision applications through the authority granted to them under the Conservation Authorities Act, the Planning Act, the Conservation Ontario/Ministry of Natural Resources/Ministry of Municipal Affairs and Housing Memorandum of Understanding

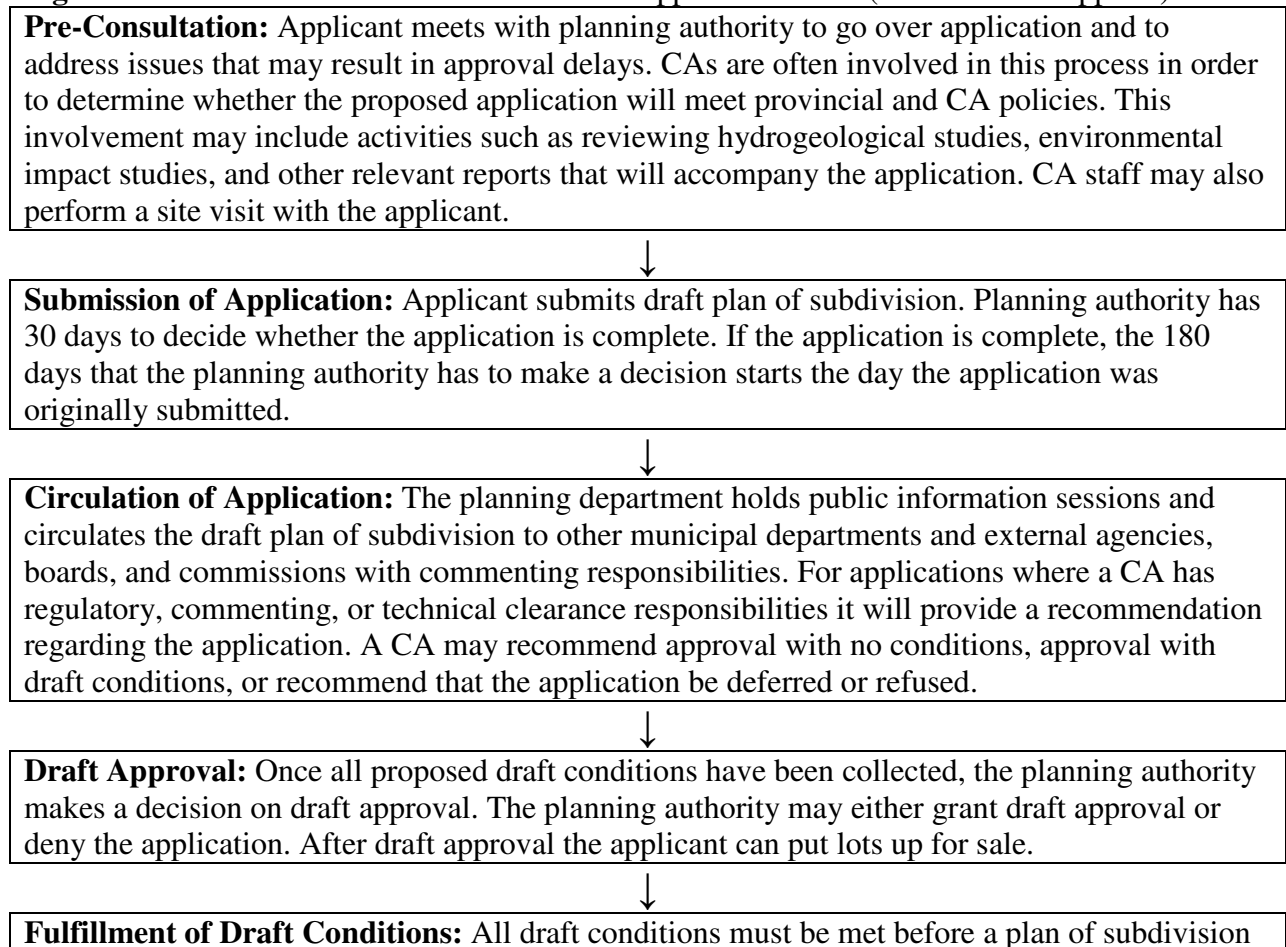
on CA delegated responsibilities, and through service or technical agreements with municipalities or other levels of government. Based on this authority, they may approve the application with no conditions, recommend conditions of draft approval, or recommend that the application be deferred or refused until the applicant provides further information or makes certain changes to the plan of subdivision. An example of a draft condition from a CA is a requirement that the applicant prepares and submits a lot grading plan to the satisfaction of the CA before any development takes place (see Appendix A).

After the CA and other relevant agencies and departments have issued draft conditions, the approval authority may either grant draft approval or refuse the subdivision application. This decision may be appealed to the OMB. Draft approval represents a commitment by the approval authority to move forward with the process. Once draft approval has been granted, the applicant can put lots up for sale; however, no lots can be sold until the plan of subdivision is registered. Plans of subdivisions are registered once all of the draft conditions are met (Ontario MMAH 2010) (see Figure 6.3 below).

CAs may provide comments on subdivision applications in their roles as: (1) regulatory authorities, (2) delegated provincial interest for natural hazards, (3) resource management agencies, (4) public commenting bodies, (5) service providers, and (6) landowners (Ontario MNR 2010b, 2-4). Despite these distinctions, there is often overlap between these different roles and responsibilities. For the most part, CA recommendations and comments are based on their regulatory authority, as delegated provincial interest for natural hazards, through board approved natural heritage policies, and service agreements with member municipalities and other levels of government. These roles will be explained below. There is still overlap between them, but they are all important in ensuring that the CA's interests are fully protected. CA regulatory authority

is the primary focus for this dissertation because it is backed with clear legislative authority through the Conservation Authorities Act. The authority for the other roles is mainly vested in the Planning Act. CAs must rely more heavily on persuasion and municipal cooperation in these roles, because their only recourse avenue is through the OMB. OMB appeals by CAs are rare because CAs do not have dedicated resources for this purpose. However, the position of a CA is strengthened when its interests are protected under both the Conservation Authorities and Planning Act. Both the UTRCA and the HCA have board approved planning policy documents, which are detailed guidelines for policy interpretation, which inform staff comments and recommendations on planning applications for which they have regulatory, commenting, and technical clearance (peer-review) responsibilities.

Figure 6.3 CA Involvement in the Subdivision Approval Process (with no OMB appeals)



is registered. It is at this stage where the applicant would have to meet the draft conditions issued by the CA, including obtaining any necessary permits under Section 28 of the CA Act (this process is explained below).



Registration of the Subdivision: Once all draft conditions are met, the subdivision is registered. Development can proceed and lots can be sold. Enforcement action may be required on the part of the CA if development does not comply with CA regulations.

Source: Ontario MMAH 2010

Regulatory Authority

CA regulatory authority over land use is granted under Section 28 of the Conservation Authorities Act. The scope of this authority has evolved over time and there was a considerable change made to the regulation during the time period covered by this study. Revisions to Section 28 in 1998, created a need for an updated set of implementing regulations. In 2004, the province adopted the generic regulation, Ontario Regulation (O. Reg.) 97/04 - Development, Interference with Wetlands and Alterations to Shorelines and Watercourses. This replaced O. Reg. 170/90 - Fill, Construction, and Alteration to Waterways. CAs then had until May 2006 to develop board approved regulations based on the authority granted under O. Reg. 97/04. Prior to May 2006, CAs regulated the placing or dumping of fill in areas where the control of flooding, pollution, or the conservation of land⁶⁹ would be affected, the construction of buildings and structures in any area susceptible to flooding during a regional storm, and the straightening, changing, diverting or interfering in any way with a waterway (HCA 2006; Conservation Ontario 2009a). Beginning in May 2006, CA regulatory authority was expanded to include development and activities in or adjacent to river or stream valleys, the shorelines of inland lakes and the Great Lakes-St. Lawrence River System, watercourses, hazardous lands, and wetlands (Conservation Ontario 2008). This was an important change because it granted CAs the authority to regulate all

⁶⁹ The conservation of land refers to the conservation of natural heritage features that are associated with natural hazard features. According to one interviewee, this is often used only as an add-on rationale when making decisions on applications, because it is rather vague and therefore vulnerable to appeals. But, the interviewee maintained that it is important for the value it places on natural heritage features (Interview 1).

wetlands, the shorelines of inland lakes and the Great-Lakes St. Lawrence River System, and hazardous slopes, thereby greatly expanding amount of land regulated by most CAs.

Within these regulated areas, property owners must apply for and receive a permit from the appropriate CA prior to any development, site alteration, construction, or placement of fill. This is important, because under the Ontario Building Code, the municipality cannot issue a building permit until the applicant receives regulatory approval from the CA (UTRCA 2006a, 6-6). In general, a permit may only be issued for development in a regulated area if the CA decides that the control of flooding, erosion, dynamic beaches, pollution, or the conservation of land can be achieved. If an applicant wishes to appeal a decision made under Section 28, there is often a process in place to handle appeals at the CA level. If escalation is required, the appeal goes to the Mining and Lands Commissioner. In turn, the Mining and Lands Commissioner may refuse the permission, or grant the permission with or without conditions. If the applicant is still not satisfied, the decision of the Mining and Lands Commissioner can be appealed in Divisional Court under the Mining Act (Ontario MNR 2011, 41).

The intent of the updated regulation was to ensure consistency across the province; nonetheless, the regulations do vary depending upon the geography of the watershed. Under the new generic regulation, the UTRCA and the HCA adopted O. Reg. 157/06 and O. Reg. 161/06, respectively. These two regulations are similar, but there a few differences. The most obvious two are that the UTRCA does not have a regulation for the shoreline of the Great Lakes-St. Lawrence River System, or areas that exhibit karstic features, while the HCA does.⁷⁰ The jurisdiction of the UTRCA does not include any shoreline or karsts, so these are not applicable

⁷⁰ The regulatory shoreline hazard limit is the greatest of the flooding hazard limit (the 100-year flood level plus 15 meters flood allowance for wave uprush), the erosion hazard (30 meters from the toe of the stable slope), and the allowance for dynamic beaches (30 meters) (HCA 2009b, 49-52). Much of the core and feeder areas of the Eramosa Karst are now either owned or managed by the CA, but the regulation restricts development for 50 meters from the boundaries of hazardous sites (Ibid, 50).

(UTRCA 2006b). The flood event standards are also different. The UTRCA regulates to an observed 1937 flood event (plus a 15 meter buffer) when levels in the Upper Thames watershed reached their highest recorded levels.⁷¹ The HCA regulates to the Hurricane Hazel Flood Event Standard for most watersheds, and the 100-year flood level for a number of watercourses in the Stoney Creek area (with additional 15 meter buffers for both flood standards) (HCA 2009, 30).⁷² And there is a difference in terms of the area of interference for wetlands. Both sets of regulations regulate development within 120 meters of all provincially significant wetlands (PSWs), but the UTRCA treats wetlands greater than two hectares the same as PSWs, whereas the HCA's regulation does not include this additional classification.⁷³ Therefore, the HCA's regulation is more permissive in this area.

The river and stream valley regulations are the same.⁷⁴ And both regulate alterations to straighten, change, divert or interfere with the existing channel of a river, creek, stream or watercourse, or change or interfere in any way with a wetland. In areas with multiple features, the recognized regulation limit is the one that provides the greatest setback (UTRCA 2006a; HCA 2009b). This new regulation, and the new powers it gives CAs, was received differently by staff at the UTRCA and the HCA.

UTRCA staff viewed the change as strengthening their hand and giving them "the ability to more effectively monitor the full range of development in the watershed" (Interview 4). The introduction of this new regulation was described by one staff member as an incremental policy change that "gave us the legislative ability to protect all wetlands" (Interview 1).

⁷¹ The rate of return for the 1937 flood event is estimated to be once every 250 years (UTRCA 2006a, 2-5).

⁷² Hurricane Hazel represents an extreme regional storm event, but the rainfall values associated with Hazel do not correspond with the historical trends for the area. Thus, while Hazel's flood levels exceed those for the computed 100-year storm, the actual rate of return is indeterminable (MNR 2002b, 16).

⁷³ Development is regulated within 30 meters of all other wetlands for both.

⁷⁴ The regulatory limits are 15 meters from stable slopes, or 15 meters plus the predicted 100-year erosion line from unstable slopes.

Staff at the UTRCA also view comments on planning applications and the issuance of permits through the regulation as complementary exercises. As one staff member noted:

For the UTRCA for example, we had a policy that said that we wouldn't give permits for homes to be built in any wetland. It made sense that we would reflect that position in our planning comments, so that we didn't not object to a zoning by-law amendment to change the zoning and then later not give a permit. That was a fundamental change. (Interview 1)

Another staff member reaffirmed this position by noting that the planning staff and the regulation staff work closely together, "... if a permit cannot be issued, we try to figure it out at the planning stage" (Interview 2). Interviewees from the UTRCA were highly receptive to the regulatory change, and as their comments suggest, they seized upon it as a way to reinforce their comments at the planning stage.

The new regulation was received differently by the HCA. Here, the new regulation was viewed as a "form of downloading, as it increased responsibility, with the same resources" (Interview 5). Another staff member described the updated regulation as "over-regulation" (Interview 6). When the HCA was developing its own regulation, it lobbied the province, arguing that it did not have the financial or staff capacity to enforce this new regulation limit, and that municipalities, the development community, and private landowners are likely to resist the necessary fee increases (HCA 2005, 14-15). In its Determination of Regulation Limits document, the HCA made the point that with the inclusion of the Great Lakes Shorelines, previously unregulated wetlands, and the 120 metre area of interference around provincially significant wetlands, the HCA would be regulating 33 percent of the land within its jurisdiction, compared with 20 percent under the previous regulation. The HCA pushed for the area of interference to be set at 30 meters for all wetlands (Ibid). Similar concerns are not expressed in the UTRCA's parallel document (UTRCA 2006b). In the end, a province-wide compromise was reached and a

letter of permission, rather than a permit, can be granted in certain instances for development between 30 and 120 metres of provincially significant wetlands (Interview 6). There is a lesser fee associated with letters of permission and the technical requirements are not as stringent (Interview 7).

Staff at the HCA also describe permitting and land-use planning comments as two different streams:

...It [the new regulation] didn't impact land-use planning comments because we were always providing natural heritage comments to the cities and the municipalities. It impacted how we did permitting... we needed more staff, which no one was giving us money for... Regulatory authority does not inform planning... The only thing that it would change with a comment on a planning application is next to it we will have an extra sentence saying and you'll need a permit from our office. But it didn't change our technical comments, as long as you had a MOU [memorandum of understanding] with the municipality that said that you dealt with natural heritage. (Interview 6)

Taken together, these two differences are important. While UTRCA staff welcomed the new regulation, HCA staff viewed it as over-regulation, and were concerned about the financial implications of the additional authority. In addition, HCA staff continue to make a distinction between their comments pertaining to land-use planning and the permitting process. UTRCA staff see these two roles as closely linked. The land-use planning process and the regulatory process are separate in that they occur at different stages of development – permits are usually retained after draft approval (see Figure 6.3, above). However, the legislative authority to regulate wetlands, hazardous slopes, and shorelines gives CAs greater authority than they previously had under the Planning Act. Prior to the introduction of the new regulation, CAs had to rely on the goodwill of municipalities, and their more limited Planning Act powers to ensure that these areas were protected. CAs only avenue of recourse, when municipalities did not follow their recommendations, was the OMB. Appeal through the OMB is costly and resource-

consuming and CAs do not have a separate funding envelope to cover arbitration costs (Interview 3). With the updated regulation, CAs now have the legislative authority to prevent development in these areas. Waiting until after draft approval to ensure that regulatory concerns can be addressed without changing lot lines would seem to put CAs at a disadvantage, as staff from both CAs agree that this becomes much more difficult after draft approval has been granted (Interviews 1 and 6).

Delegated Provincial Interest for Natural Hazards

CAs have been delegated responsibilities from the MNR to represent the provincial interest regarding natural hazards. There is considerable overlap in terms of the types of features that are covered between this delegated responsibility and CAs' regulatory authority. But this responsibility is based in the Planning Act, rather than the Conservation Authorities Act. Devolution was formalized in 1995 through a letter from then Minister of Natural Resources, Howard Hampton, addressed to the chair of the UTRCA, but sent to all CAs. This built upon commenting responsibility delegated to CAs in the 1980s for flood plain management, and matters related to flooding, erosion, and dynamic beaches along the shorelines of the Great Lakes-St. Lawrence River systems. The letter delegated sole commenting responsibilities to CAs for developments in areas subject to riverine erosion, slope instability, and soil instability (this refers to areas such as wetlands with high water tables and the presence of organic soils, and karsts) (Hampton 1995). This responsibility was further defined through the Memorandum of Understanding on Procedures to Address Conservation Authority Delegated Responsibility, between Conservation Ontario, the Ministry of Natural Resources and the Ministry of Municipal Affairs and Housing. Signed in 2001, this MOU is an attempt to clarify the role of CAs as the province sought to move towards a more coordinated planning system.

In practice, this delegated responsibility means that CAs are required to review and comment on municipal planning documents and applications to ensure accordance with section 3.1 of the PPS. As mentioned above, this section is concerned with locating development away from natural hazards in order to avoid risks to public safety and to protect property. Comments pertaining to natural hazards are based on the PPS and informed by board approved policies. This role has become less significant for development approvals since the implementation of the updated regulation because it covers slope stability, shorelines, and wetlands. But under the old regulation, CAs relied more heavily on this delegated responsibility in their efforts to protect these features. It does, however, remain an important tool for identifying and protecting natural hazard features during other stages of the planning process, such as official plan amendments and zoning by-law changes.

Natural Heritage

Sections 20 and 21 of the Conservation Authorities Act identify CAs as local watershed based natural resource management agencies with the authority to implement resource management programs according to local conditions. These programs and how they are funded are decided upon at the board level. Through this role, CAs work with member municipalities to develop watershed and subwatershed resource management plans that will inform municipal planning decisions. In addition to being consistent with or exceeding PPS requirements, these plans reflect the CAs' broader goals for the management of the watershed (UTRCA 2006a, 1-7). During the plan review stage, CAs evaluate applications from a watershed perspective to ensure that they abide by the policies and technical criteria included in these plans. This evaluation includes concerns for natural hazard and natural heritage protection. Because natural hazard protection has already been described above, this section will focus on natural heritage protection.

The UTRCA's natural heritage policies include wetlands, woodlands, valleylands, wildlife habitat, the habitat of endangered species, threatened species, Areas of Natural and Scientific Interest, species of special concern, and locally rare species.⁷⁵ When defining boundaries for natural heritage features, the UTRCA prefers to use local science-based studies such as the Middlesex Natural Heritage Study (UTRCA 2006a, 2-14; Interview 1). Indeed, the UTRCA makes note of this study in most of its comments pertaining to natural heritage. Even though London did not take part in this study, it was included in the modelling to ensure a broader landscape perspective. In areas not covered by local studies, the most current provincial Natural Heritage Planning Manual is relied upon (UTRCA 2006a, 2-14).

Development within or adjacent to a natural heritage feature also needs to be supported by an Environmental Impact Statement (EIS), which must confirm the extent and the significance of the feature as well as the impact that the proposed development will have on the feature and its functions. For natural heritage planning for wetlands, the classification of adjacent lands is used (rather than area of interference, which is used for natural hazards planning). In the UTRCA's policies, the adjacent area for PSWs is the same as the area of interferences at 120 meters, and for all other wetlands it is 50 meters. This is important because development in adjacent lands – which covers a larger area for non-PSWs – requires the completion of an EIS. For most other features, the adjacent area is 50 meters, but it can be increased under specific circumstances. The only exception is for aquatic ecosystem habitats and fish habitats, for which the adjacent area is 30 meters.

Natural heritage is another area that was identified as being responsible for some of the tension between the UTRCA and the City of London (Interviews 1 and 2). The City has an

⁷⁵ Areas of Natural and Scientific Interest are areas designated by the MNR as having life science and earth science value.

ecologist on staff and would ultimately like to rely on its own ecologist's advice, but UTRCA staff question whether the City's ecologist can have a broader watershed view. While the UTRCA provides comments, technical review services (which are described in the next section), and ultimately recommendations on natural heritage, the City of London is the ultimate decision maker – except in instances where natural heritage features and natural hazards overlap. One UTRCA staff member explained the cause of this tension very clearly; the explanation is worth quoting at length:

Being a planning ecologist, and working in the planning department of the City, and being a contributor to a report that would ultimately go to a committee of council for approval, within a sort of land-use planning framework and the authorizations as it moves up the chain in the City, comes with some risks. And it comes with limitations on the ability of that ecologist to in all cases have her position recognized as a professional position of an ecologist, versus being molded into a planning report of a professional planner. I am of the view that a CA is less restricted in our advocacy for natural heritage protection, and that we are less hesitant to say what we feel about ecosystem management and to worry about the taxation implications for example, so there is a bit of tension there. We do professional planning and we rely on technical and science-based principles, but we are advocates for natural heritage protection, and we are one step removed from the politics of needing taxation to survive as an organization. By putting the natural heritage comments that we provide in the letter, and specifically focusing on them, we do give them the benefit of not being mixed with all of the other factors that a municipality needs to consider in their decision, which perhaps is almost unfair. (Interview 1)

This staff member was also very matter of fact about this conflict between the roles of the UTRCA and the City.

There has been less pressure [more recently], but it has to be said that municipal staff will I think challenge environmental policy as part of their role and I don't think that that is a bad thing. I think that challenging that the environmental policy that is being delivered by the CA is the right thing, in the public interest; it is fair for that question to be asked. Provided that they are also asking questions at the other end and using it as a means of exploring the best answer. (Interview 1)

Another staff member said that the City will sometimes hold off their comments on applications that are contrary to the PPS, and let the UTRCA play the role of the “bad guy” (Interview 4).

In Hamilton, the HCA’s natural heritage polices cover Environmentally Significant Areas, the habitat of endangered and threatened species, fish habitat, woodlands and forested areas, significant wildlife habitat, Areas of Natural and Scientific Interest, and wetlands (HCA 2006, 61). The HCA’s planning policy document also references the MNR’s Natural Heritage Reference Manual. The document gives the MNR’s Reference Manual precedence over its own policies. For most features the adjacent area is 50 meters, except for fish habitat – which is 30 meters – and wetlands. The boundaries for wetlands as natural heritage features are the same as the natural hazard boundaries; 120 meters for PSWs and 30 meters for all other wetlands. So it is more permissive than the UTRCA’s for non-PSWs.

Staff at the HCA also identified natural heritage commenting as an aspect of their relationship with the City of Hamilton that poses some challenges. In Hamilton, as in London, the City is the ultimate decision maker on non-hazardous natural heritage issues. One staff member noted that there have been instances where the HCA and the City disagree over natural heritage planning, but that these instances are rare:

The other overlap that sometimes comes into play is one of natural heritage protection and the standards that are applicable to that. Hamilton has its environmental policies and guidelines, we have our planning regulations. And both of us are bound by the PPS. I believe they are in-sync, the actual policy documents and standards associated with those, but sometimes depending on interpretations, you may have differing opinions as to whether for example a buffer could be reduced, or not. And sometimes there is that anomaly but again, few and far between. Generally speaking we find that staffs are on the same page, but there is the odd exception, no question. (Interview 5)

Another staff member described the challenges regarding natural heritage as more of a coordination issue, as some staff at the City are unclear on who is in charge when it comes to natural heritage planning.

There are some misunderstandings, especially with respect to our roles with commenting on natural heritage issues... When the province delegated responsibilities and there was the MOU with the province that the CAs were... responsib[le] for natural hazard issues, not natural heritage issues. However, with our MOU with the municipality, we are a commenting agency only; we are not the body that makes the decision. So if we get a planning application, we will advise them of an ESA, or a significant woodland, or whatever, but we are only a commenting agency, we are not the agency that makes the decision on that.
(Interview 7)

The perception amongst HCA staff regarding their role in natural heritage planning seems quite different from the UTRCA staff. UTRCA staff describe the planning process as similar to a peer-reviewed academic exercise, whereby the City and the UTRCA may have different perspectives, but the CA is an advocate for natural heritage protection and needs to be confident in that role. Indeed, staff at the UTRCA see their comments as supporting the City's ecologist in ensuring that the public interest value of natural heritage is properly considered in light of all the other factors that the City has to consider (Interview 1). This does seem important as both London and Hamilton have only one ecologist on staff. Staff at the HCA, seem more willing to accept the City of Hamilton's decision-making authority over natural heritage. They provide comments on natural heritage, and those comments may be different than what the City has recommended, but they seem more resigned to their station as a commenting agency and less willing to challenge the City. Similar differences in attitudes amongst staff were noted in the regulatory authority section, with staff from the UTRCA seeming more assertive in both of these roles.

Service Agreements

CAs also sign service agreements with municipalities, and other levels of government, that detail the areas for which CAs provide technical advice or clearance. Technical clearance is a fee service, which, though related, is somewhat separate from CAs' plan review function. Plan review involves determining whether or not natural heritage and natural hazard features will be affected and identifying the need for technical reports to accompany the application. Technical clearance is a peer-review function whereby CAs evaluate the technical reports submitted by the applicant to ensure that they have been prepared by qualified professionals, that appropriate methodologies and appropriate data were used, and that prior studies on the area were consulted, and that the conclusions and recommendations are reasonable (UTRCA 2006a, 1-13). Service agreements often cover many of the roles that have already been discussed, but they also include other services.

The division of labour between the City of London and the UTRCA is based on a letter sent to Jeff Brick, Coordinator of Hydrology and Regulatory Services for the UTRCA from Victor Coté, former Commissioner of Planning and Development for the City of London, dated November 27, 1997. The letter was in response to a request made by Brick for a detailed memorandum of agreement between the City and the UTRCA. The letter lays out the areas of responsibility for both the City and the UTRCA and obliges the City to circulate to the UTRCA "all applications which the Authority may have an interest in, including those affecting natural areas." According to the agreement, the UTRCA has technical clearance for the following services: fish habitat, fill regulations, regulatory flood plains, significant wetlands, erosion prone lands and unstable slopes, watercourses, and storm water management in the flood plain. For other services and features, the UTRCA has some input and review responsibilities but the City

retains technical clearance. The paragraphs on storm water management and plan review for natural areas are particularly telling of the City's reluctance to cede authority to an autonomous agency in areas where in-house staff can provide similar services.

...the UTRCA has some responsibility for the quality aspects of storm water management (noting the City's Environmental Services Department will be taking over these responsibilities) and to provide advice and comments on storm water quantity management, valley lands and environmentally significant areas. The City principally requires services from UTRCA which deal with its core mandate. To facilitate our review of natural areas, the Planning and Development Department has brought on board an ecologist planner. Environmental Services may in the future retain the services of a hydrologist to assist with storm water management review. It is the City's experience that by bringing this expertise within the organization where it is required on a day-to-day basis that we are able to respond to issues quickly and in a consistent manner. We do not want to rely on an outside agency for this service. (Cote 1997)

The City of Hamilton has a signed Memorandum of Agreement (MOA) with both the HCA and the Niagara Peninsula Conservation Authority, which has been in effect since May 13, 1996. This document lays out the plan review and technical clearance services provided by the both CAs to the municipality (at that time, the Regional Municipality of Hamilton-Wentworth). At the time of the agreement, the HCA (then the HRCA) was to act as the "one window conservation authority" and provide comments to the regional environment department on behalf of both CAs; but this does not reflect current practice (City of Hamilton 2007b). The MOA identifies the CAs as being responsible for technical clearance for site specific stormwater planning issues, review of stormwater management facilities design reports, technical review of reports on wetland area impacts and mitigation measures, and fish habitat impacts and mitigation, development in floodplains, shorelines impact, and top of bank erosion limits. Similar to the service agreement between the UTRCA and the City of London, the City of Hamilton

performs plan review functions for other features such as woodlands, wildlife habitat impacts and mitigation and groundwater recharge/discharge areas.

A noticeable difference between the two agreements is that the HCA has technical clearance for certain components of stormwater management (SWM). This was mentioned by staff at the HCA as an area where the development community and some City staff feel as though there is a degree of overlap between the City and the CA. Indeed, The City of Hamilton is currently in the process of negotiating a new MOA with all four CAs – HCA, the Niagara Peninsula CA, Conservation Halton, and the Grand River CA – with jurisdiction in the City. It is anticipated that the division of roles and responsibilities will be clearer under the new agreement (Interviews 6 and 7).

Technical clearance for site specific stormwater planning issues and review of SWM facilities design reports means that the HCA is involved in the review of most subdivision applications that are submitted to the City of Hamilton. The UTRCA, on the other hand, only becomes involved when an applicant proposes locating a SWM facility in a regulated area, such as a floodplain.

CAs may also sign service agreements with other levels of government. For example, as per agreements with the Department of Fisheries and Oceans Canada, the UTRCA and the HCA review applications with regard for policies and regulations made under Section 35 of the Federal Fisheries Act (UTRCA 2006a, 6-3; HCA 2009b, 12). In this role, the CAs recommend measures to ensure harmful alterations, destruction, or disruptions of fish habitats are minimized (UTRCA 2006a, 6-3).

In sum, CAs provide recommendations on subdivision applications predominantly in their roles as regulatory authority, delegated provincial interests for natural hazards, as watershed

based natural resource agencies, and through service agreements with municipalities or other levels of government. There is considerable overlap between all of these roles, especially since the introduction of the updated regulation in 2006. In order to facilitate comparison, this dissertation focuses on subdivision applications that are within regulated areas. While these applications do not fully cover all of the roles outlined above, especially in regards to commenting on certain natural heritage features such as woodlands, it touches on all of them. As this section has illustrated, regulated areas often include both natural hazard and natural heritage features, thus watershed health is directly impacted by development in these areas. Moreover, the interests of the CAs are best protected when they can draw on their authority under both the Conservation Authorities Act and the Planning Act. In addition, the UTRCA and the HCA have different technical clearance responsibilities for SWM facilities, by including only applications in regulated areas, these differences are nullified.

6.4. Responsiveness to the Provincial Mandate of Watershed Management

The different roles and responsibilities outlined in the previous section give CAs considerable leverage during the draft approval stage of the subdivision approval process. A recommendation by the CA to defer or refuse the application could have serious implications for the entire application, and on the ability of the municipality to make a decision within the 180 day timeline. Moreover, recommendations issued by the CA may result in the need for major amendments such as the revision of lot lines and road allowances, and the relocation of SWM ponds.

Responsiveness to the provincial mandate of watershed management is operationalized through the recommendations made by CAs on draft plans of subdivisions that encroach or abut onto regulated areas. As the section on the provincial interest in watershed management illustrates, the province favours a precautionary approach to development in areas that may negatively impact

watershed health. A recommendation to defer or refuse a draft plan of subdivision until further information is submitted or lot lines are changed is representative of this more precautionary approach. Thus, deferral demonstrates the willingness of a CA to delay draft approval in order to ensure that the provincial goals of watershed management, such as the wise management of resources and the protection of public health and safety are achieved. This measure of responsiveness is based on the assumption that municipalities face a different set of incentives with regards to draft approval. Before moving on to hypothesis testing, the municipal interest in the subdivision approval process will be explained.

In the local government literature, municipal councils are generally considered to be supportive of residential development because it is seen as a form of growth (Logan and Molotch 1987; Leo 2002, 226; Sancton 2011, 215). They are also competing with other municipalities for assessment base growth, development charges, and construction jobs (Interviews 2, 3, 8, 10, 11, and 14). Nonetheless, subdivision approval is complex and there are often competing interests at play. Municipalities compete to find ways to develop a positive environment for investors and developers and maximize the assessment base, but with the understanding that applications must meet provincial policy and the official plan (Interviews 8, 10, and 14). There was recognition among some municipal politicians that residential growth does not necessarily pay for itself (Interviews 3, 11, 13, and 14), but when speaking about their colleagues on council, most noted that at least some are de facto supporters of new subdivisions (Interviews 3, 11, and 13). One politician from the City of Hamilton nicely explained the challenges faced by municipalities when considering land-use planning decisions:

... in terms of council embracing new development. Yeah, I mean that is a pretty contentious issue for people around the table and everyone is going to have a different opinion, like everything else. But from my own perspective and I think that the majority would probably agree with the statement that we are trying to

find a balance of infill development as well as new residential development that accommodates the market demand. So we have certain people that have very strong opinions that might say, we should have no new urban boundary expansion, no new greenfield development. Everything that the city needs in terms of residential intensification should happen within the existing boundaries. And by extension should probably happen more so in the downtown core, than anywhere else. I think in a perfect world, we would all love to see that. We would all love to see a freeze, we would all love to see higher densities in the core with big apartment buildings and some nice lofts and condos and some of the good things that you see in Toronto and the GTA area. But in reality, the fact of the matter is that almost every municipality in Ontario continues to build housing stock that caters to what the market desires.

So young people are certainly graduating from university or college, or they have accepted their first job and purchasing their first home or first condo and there is certainly a component out there who look at nothing else other than a condo in the heart of whatever city they are living in. But there is still a big part of the population that is looking for the traditional 40 by 100 foot lot, they are looking for a single family home with a large yard with a swimming pool, and a barbeque, and a little play structure for their kids.

So again, in a perfect world we would love to see that intensification in the existing urban area, but the trend across the province and across most of North America is that single family homes and the development of new subdivisions are a housing product that people desire and want to purchase. And if Hamilton is not offering that product, then those people are travelling to Burlington, Grimsby, you pick a direction, and they are able to find that housing stock in other locations. For Hamilton, again it is a balance of trying to accommodate certainly the desires of that part of the population that wants that type of housing stock versus the programs that we have that try to encourage developers to build other forms of housing that meet the Provincial Policy Statement for growth patterns as well as meet the City's own goals and objectives in terms of utilizing existing roadways, servicing network that we already have in place, trying to encourage brownfield development... The position I think on council would be – again there are certainly some that would say no new urban boundary expansions, no greenfield development – I think the majority though based on how we have dealt with urban boundary expansions, how we have dealt with the province, is that we have tried to find a good balance between the two. (Interview 14)

Thus, municipal councils can be divided on the benefits of new subdivisions, but market demand for this type of product and the pressures of inter-local competition mean that most municipalities will continue to facilitate their development.

Municipal councils and planning departments must consider many factors and interests when making decisions on subdivision applications, of which watershed management is only

one. However, the goals of development and watershed management can come into conflict. CA recommendations for smaller or fewer lots in order to protect a natural hazard or natural heritage feature can mean that a city loses out on revenue from development charges, building permits, and ultimately property taxes. For example, a staff member from the UTRCA explained how the siting of SWM ponds is a point of contention between the City and the UTRCA. Developers often want to build SWM ponds in the flood plain so that they do not have to build a pumping station – locating the SWM pond in a regulated area also increases the land available to put houses on. The UTRCA regulates to the 250-year level and does not want SWM ponds in hazard lands, because this reduces the capacity of the SWM system in a flood event. However, because the minimum provincial standard is the 100-year storm, the City sometimes overlooks the UTRCA’s concerns (Interview 2). This was supported by a comment made by a municipal politician, “... moving the stormwater management, making sure they are not in a regulated area, which I am trying to figure out because it is a regulated flood area, yet you don’t want to put water there. That doesn’t make a lot of sense to me sometimes” (Interview 13). Certain planning goals can sometimes conflict as well, such as intensification and the protection of natural features within the urban growth boundary. According to one staff member from the City of Hamilton, intensification is sometimes used an excuse to allow development to proceed in natural heritage areas within the urban area (Interview 9).

Another example of how planning goals impact municipal decision making is in regards to the 180 day limit for a decision on draft approval. This is an important target for municipalities, as one of the primary goals of planning departments is to avoid appeals to the OMB (Interviews 8 and 10). As mentioned above, the planning authority has 180 days to make a decision on draft approval. If they do not make a decision on draft approval within 180 days, the

applicant can appeal to the OMB. In that time period they receive the application, ensure it is complete, collect all of the supplementary information such as geotechnical studies and environmental impact statements, circulate the application to get comments from the public and other agencies, evaluate those comments and try to get a resolution, and then must try to come up with a recommendation that meets the tests of the Planning Act (Interview 10). There is pressure on planning departments to make a decision on draft approval within this time frame (Interviews 8 and 10). If developers feel the process is dragging on, they will often go to the appropriate ward councillor to express their concerns. And councillors will then usually go to staff, either to try to determine the reasons for the delay, or to press staff to find a solution (Interviews 3, 11, 13, and 14). Municipal politicians differed in their perspectives on their role in this process. One was very clear in saying that the chair of the planning committee should be the only one meeting with staff, and that councillors should not try to influence decisions before they are made (Interview 13). However, others indicated that politicians do meet with staff and that they do exert pressure if they feel the development is appropriate (Interviews 3 and 11). Indeed, this pressure was felt by at least one staff member from the City of Hamilton. “If natural environment is affecting what a developer wants do, the councillor will often ask to meet with me and try and talk me out of my position” (Interview 9).

This same level of political pressure does not appear to take place between municipal politicians and CA staff. According to most respondents, pressure mostly comes from planning staff (Interviews 4, 6, 7, 10, 11, and 13). Direct interaction between municipal politicians and CA staff does occur, but is rare (Interviews 6 and 11). The pressure takes different forms, depending on the situation and where it is coming from. In instances where the CA’s comments are holding up the approval process, municipal planning staff will sometimes encourage CA staff to offer

draft conditions before they are prepared to (Interviews 6, 7, and 10), or to frame their comments as conditions in the planning report (Interview 8). One staff member from the UTRCA also drew on an example where the planning department tried to push through approvals because the fate of a parcel of land was already determined by an OMB decision; however, there were wetlands, woodlands, and watercourses on the property, raising issues that the CA still wanted to see addressed (Interview 2). If a ward councillor or planning committee members become involved, it may be a matter of trying to understand how the regulation has been applied and if there is any room for compromise (Interviews 11 and 13).

In sum, subdivision approval takes place in a political environment, where municipal politicians are pressured by developers and are attuned to inter-municipal competition. Municipalities must consider a range of factors when considering subdivision applications, of which watershed management is only one. CAs are the only actors that approach this process from a watershed perspective.

Hypothesis

As mentioned above, the UTRCA and the HCA will be compared based on their positions taken on proposed subdivision developments that will directly impact watershed health. As for all the case studies, the time period selected is from 2001 to the end of 2010. The independent variable is board composition. The HCA is an example of a CA where a single municipality essentially has control over the board. The UTRCA is an example of a CA where board membership is more fragmented, and no single municipality is dominant. The dependent variable is responsiveness to the provincial mandate of watershed management. This will be operationalized in terms of the percentage of draft plans of subdivisions in London and Hamilton – that are in regulated areas – that are deferred by the CA. Although CAs may comment on applications that are located outside

of regulated areas, this project will focus solely on those applications that require a permit from the CA, in order to control for the presence of natural hazard and natural heritage features and to facilitate comparison. Again, deferral gives the CA greater control over the process and ensures that no lots are put up for sale until the necessary revisions are incorporated into the application. In this sense, a recommendation of deferral is an application of the precautionary approach advocated by the province. The burden of proof is on the applicant to demonstrate that the subdivision will not aggravate hazards or cause environmental harm. By recommending deferral, a CA is communicating to both the applicant and the planning authority that it cannot support the granting of draft approval until its concerns are addressed. After draft approval is granted, the burden of proof shifts to the CA (Interviews 1 and 6). A recommendation of deferral or refusal also ensures that the CA's position is clear if there is an appeal to the OMB (Interview 2). The hypothesis is that the UTRCA will defer a greater percentage of subdivision applications in regulated areas, than the HCA. The null hypothesis is that both will defer a similar percentage of applications.

A weakness in this design is that it is difficult to assess the extent to which individual applications encroach onto regulated areas, or breach provincial policy without studying the technical reports and mapping more carefully. Not all of this information was available for every application. The assumption is that on average the applications are equally objectionable.

Results and Discussion

Information was collected from official correspondence regarding subdivision applications between the HCA and the City of Hamilton, and the UTRCA and the City of London. In total, 70 subdivision files were located that encroached onto regulated areas over the 2001-2010 time-

period; 43 from the UTRCA and 27 from the HCA.⁷⁶ Efforts were made to ensure that all relevant files were collected, but it is possible that some were missed. Some applications also had to be discarded because of incomplete information. The regulatory authority of both CAs was explained above, but in short, regulated areas include natural hazards such as watercourses, erosion and flood hazards, and more recently wetlands and the Great Lakes shoreline. There is considerable overlap between natural hazard and natural heritage features, and connected natural heritage features are used to support CA recommendations regarding the protection of natural hazard features. It is important to note that a deferral label was attached to all applications for which the CA made the decision to hold off on offering draft conditions until more information was submitted, or certain revisions were made to the draft plan of subdivision, or its accompanying studies or reports. While the UTRCA, usually literally recommends “deferral” in these instances, the HCA issues a recommendation of “not applicable – see comments”, but this is their way of recommending deferral (Interview 6).

For the entire 2001-2010 period, the UTRCA deferred approximately 58 percent of all subdivision applications in regulated areas. The HCA deferred approximately 41 percent. This finding is consistent with the initial hypothesis, but because of the small sample size, the results are not statistically significant. These results are presented below in Table 6.1.

Table 6.1 Percentage of Subdivision Applications Deferred, 2001-2010

Deferred	UTRCA	HCA	Total
No	18 (41.86%)	16 (59.26%)	34 (48.57%)
Yes	25 (58.14%)	11 (40.74%)	36 (51.43)
Total	43 (100%)	27 (100%)	70 (100%)
Pearson chi2 (χ^2) = 2.01, Pr = 0.156			

⁷⁶ Example correspondence from each CA has been included in Appendix A. In both applications, other correspondence followed; however, the decision to defer or recommend draft conditions was made in the correspondence included.

The null hypothesis cannot be rejected based on the findings for the entire period, but the differences in rates of deferral from such a small sample merit further examination. One possible explanation for the difference could be different interpretations amongst CA staff of what a recommendation of deferral signals to the applicant and the planning authority. However, this issue was addressed during the interviews, and staff from both CAs seem to have a similar understanding of what a recommendation of deferral means. In general, a recommendation of deferral is issued in instances where key information regarding lot configuration is missing or not properly substantiated. It allows more time for the proper information to be compiled and reviewed. After draft approval is granted it becomes much more difficult for the CA to recommend major revisions based on information that may have since come to light (Interviews 1, 2, 6, and 7). However, for both CAs there were files for which they reluctantly offered draft conditions before they were prepared to, because the municipality was intent on moving the application forward. On two applications, one from 2009 and another from 2010, the UTRCA issued a recommendation of “deferral or refusal”. This was an intentional strategy on the part of staff to ensure that their objections were clear where it appeared the applicant would appeal to the OMB (Interviews 1 and 2). Despite this recent change in strategy, which applied to only two applications, different interpretations of what deferral means does not seem to be an explanatory variable for the different rates of deferral.

Another variable to consider is whether or not the higher rate of deferral by the UTRCA can be explained by better coordination between the City of Hamilton and the HCA than between the City of London and the UTRCA. This topic was addressed in most interviews and there does not appear to be any noticeable difference between the process in London and Hamilton. Staff from both the UTRCA and the HCA participate in pre-consultation meetings

with municipal staff and applicants prior to the submission of formal applications (Interviews 2, 7, and 10). And planners from both CAs are in touch with their counterparts in the municipal planning departments on a daily basis (Interviews 2 and 7). Furthermore, changes to the Planning Act now give planning authorities 30 days to deem an application complete and ensure that all the technical studies that need to be reviewed by CAs have been submitted.

A number of other possible variables can be considered based upon the information that is included in the correspondence between the CAs and municipalities (see Appendix A). The first control variable tested was whether or not the applicant was a professional developer. In both London and Hamilton, a number of development companies submitted multiple subdivision applications during the study period. This variable was introduced based on the hypothesis that compared with private land owners, professional developers would have more experience with the application processes and would also have the financial and technical capacity to properly complete all the required studies and technical reports. The applicant's name was listed on all official correspondence between the CA and the municipalities. Applicants with either a company name or corporate registration number were classified as professional developers. Applicants that used their family name were labelled private landowners. This variable was discussed in most interviews and the responses were mixed. Whereas some thought that professional developers were better at navigating the process (Interviews 4 and 8), others described larger developers as poor project managers, and said that because smaller developers have more at stake, planning departments get more pressure from them (Interview 10). Peak organizations for developers have also developed relationships with both municipalities. Two staff members from the UTRCA mentioned that the City of London has high regard for the opinions of the London Development Institute (Interviews 1 and 2). In Hamilton, members of the

local homebuilders association take part in a City-developer liaison group (Interview 6). As the tables below illustrate, very few applications are actually submitted by private landowners – four for the UTRCA and three for the HCA over the nine year period. The first table (6.2) shows the breakdown by CA. The second (6.3) tests the hypothesis. The impact of including this control variable produced results which were not statistically significant.

Table 6.2 Private Land Owners versus Professional Developers, by CA

Deferred	UTRCA		HCA	
	Private	Professional	Private	Professional
No	1	17	2	14
Yes	3	22	1	10
Total	4	39	3	24

Table 6.3 Private Landowners versus Professional Developers

Deferred	Private	Professional
No	3 (42.86%)	31 (49.21%)
Yes	4 (57.14%)	32 (50.79%)
Total	7 (100%)	63 (100%)
	Fisher's exact = 0.486 ⁷⁷	$\chi^2 = 1.2921$, Pr = 0.256

The second control variable tested for was the introduction of the updated regulation, which came into force on May 1, 2006. As mentioned above, the major changes associated with this new regulation were the inclusion of all wetlands, the Great Lakes shoreline, and unstable slopes in the area regulated by CAs, and updated hazard mapping. Opinions on the new regulation were mixed among interviewees. A City of London staff member referred to the new regulation as “interventionist” and argued that the new regulation resulted in “over-regulat[ion] for the mandate that I would understand the Conservation Authority has” (Interview 10). A staff member from the UTRCA referred to both the new regulation and accompanying land-use

⁷⁷ Fisher's exact is used here, because both cells have a frequency below five. Fisher's exact directly calculates a p-value.

planning policies as “incremental policy development” (Interview 1). In Hamilton, a City staff member noted that the impact of the new regulation is felt by developers most directly as the new regulatory limits represent a defined boundary. This interviewee explained that in the past, development limits were more of a grey area and developers would try to have them moved in their favour (Interview 8). Staff at the HCA described the new regulation as a form of downloading and argued that a lot of land covered by the new regulation did not need to be regulated (Interviews 5 and 6). This interpretation is much different than those given by UTRCA staff.

As can be seen in Table 6.4, the introduction of this variable produces results that are statistically significant at the 95 percent level. After the introduction of the new regulation, the UTRCA deferred 64 percent of applications in regulated areas, while the HCA deferred 23 percent. Lambda tests the strength of the relationship. Lambda is approximately 0.37, which is moderately strong. Thus, the relationship between the structure of the CA and deferral is more pronounced after the CAs gained more power.

Table 6.4 Percentage of Subdivision Applications Deferred Under the New Regulation

Deferred	UTRCA	HCA	Total
No	9 (36%)	10 (76.92%)	19 (50%)
Yes	16 (64%)	3 (23.08%)	19 (50%)
Total	25 (100%)	13 (100%)	38 (100%)
Fisher's Exact = 0.038			
Lambda _a = 0.3684			

As the results indicate, the HCA did not seize the opportunity presented by the new regulation to be more assertive in its recommendations regarding subdivision applications in regulated areas. The UTRCA did. Since the introduction of the updated regulation, the UTRCA has been more responsive to the provincial goals of watershed management than the HCA. The

HCA has been much less receptive to changes in regulatory authority, and fewer applications have been deferred since the new regulation has been in effect. Although boards are not directly involved in the decision to defer a subdivision application, board composition plays an important role in policy implementation. UTRCA staff were more willing to faithfully implement provincial policy. This may be explained by the impact of board composition on financial resources and staff confidence and assertiveness.

Staff at both the UTRCA and the HCA see benefits in the way their respective boards are structured. UTRCA staff maintain that the varied membership of the UTRCA's board gives the organization a greater sense of autonomy (Interview 4) and HCA staff argue that there are advantages to dealing with a single municipality (Interview 5). Indeed, as illustrated early on in this chapter, the relationship between the City of London and the UTRCA is much different than the relationship between the City of Hamilton and the HCA. This is reflected in the extent to which the respective boards are prepared to make decisions in the best interests of the CA, which are sometimes against the wishes of the municipality. For example, the UTRCA has been more assertive in its budgetary requests, while the HCA prides itself on meeting Hamilton's budget targets, even if its own financial sustainability is jeopardized. According to a municipal politician with UTRCA board experience, "the UTRCA's job is to protect people, not to give a zero percent increase" (Interview 4).

This difference also has a direct impact the way that the two CAs approach their roles in the land-use planning process. Staff at the UTRCA argue that they have a greater sense of independence because of the UTRCA's fragmented board membership, which disaggregates municipal interests (Interviews 1, 2, and 3). They seem more confident in the role as advocates for the watershed, and are comfortable challenging City planners (Interviews 1, 2, and 4). Staff at

the HCA value the close relationship with the City, however they sometimes feel as though they are treated more like a municipal department than an autonomous organization (Interview 6).

HCA staff appear less assertive in their role, and they have not embraced the new regulation (Interviews 5, 6, and 7). Indeed, the HCA's efforts to have the regulatory limit around wetlands reduced were due primarily to a lack of financial and staff resources. HCA staff and municipal politicians directly linked these challenges to board structure (Interviews 6, 11, and 14).

In light of the results, and perhaps as a more tangible example than interpretations of staff comments, it seems important to note that both the UTRCA and the HCA hired new head administrators during the study period. Senior management often plays a large role in establishing corporate culture for an organization. Thus, the selection of senior administrators is a good example of how board composition can affect staff attitudes. A cursory glance of the backgrounds of both gives some indication of the direction that both boards wanted to take their organization. The UTRCA's general manager has worked for the UTRCA for 24 years and also spent some time working with Conservation Ontario – the peak organization for CAs in Ontario. The HCA's chief administrative officer's background is as a municipal planner and senior municipal administrator. He spent 24 years working for municipalities within the HCA's jurisdiction – the former lower-tier municipalities of Hamilton and Stoney Creek, and the former Region of Hamilton-Wentworth. Former HCA general managers and chief administrative officers had stronger environmental backgrounds, and were appointed from within the organization (McGuiness 2003, A2). Senior administrators become involved in instances where policy interpretation is needed, or on political matters, and staff take cues from these actions. Based on their backgrounds, it seems as though the HCA's chief administrative officer would be more sympathetic to the interests the City of Hamilton than the UTRCA's general manager

would be to the City of London's. Indeed, it seems highly unlikely that the UTRCA board members would hire a long-time City of London planner to lead their organization.

Thus, in a comparison of the UTRCA and the HCA it appears as though board composition plays an important role in policy implementation. CA boards are not directly involved in the decision to defer a subdivision application, but they do make important decisions on issues which affect the ability and willingness of CAs to fulfill their mandate for watershed management. The more fragmented UTRCA board is more likely, than the HCA board, to act in the best interests of the CA when they conflict with the interests of member municipalities. The independence of the UTRCA affords staff the resources and capacity to exercise the authority granted to them under the new regulation. The HCA board is more likely to act in the best interests of the City of Hamilton than the HCA. This has had implications for the HCA's finances and for the willingness of staff to assert their new regulatory authority.

6.5. Conclusion

The relationship between CAs, municipalities, and the province is complex and multi-dimensional. Certain aspects of the relationship between CAs and municipalities, such as the parks and recreation type functions performed by CAs, are positive in both London and Hamilton. However, other areas are more problematic. One area of note is in regards to the CAs' budgetary processes. While municipalities may appeal the amount that they are levied by a CA, CA boards have the legislative authority to levy member municipalities whatever amount they deem to be necessary. The UTRCA seems to determine its levy amount in this way, but the HCA sticks to the limit set by the City of Hamilton. While staff and politicians from the City of London may not be happy with the UTRCA exercising its autonomy in this way, its core functions do not appear to have been negatively impacted since the introduction of the new

regulation in 2006. At the HCA however, finances are stretched thin and this appears to have impacted staff's ability to exercise their new regulatory authority.

In this instance, board composition appears to have had an impact on policy implementation. The autonomy of the CA with more fragmented board membership extended beyond finances. The goals of development and watershed management can sometimes work at cross-purposes. When they do, CAs have the legislative authority to intervene. Even though watershed management may conflict with municipal interests such as assessment base growth, it is in the provincial interest to ensure that resources are wisely managed and public health and safety are protected. This also reflects the preferences of the median voter who does not benefit from subdivision development when it negatively affects natural resources. At the UTRCA where board membership is fragmented, staff expressed confidence in their new regulatory authority and their expanded role as an advocate for natural hazard and natural heritage protection. Staff at the HCA, where board membership is primarily drawn from a single municipality, were less receptive to these changes.

The hypothesis put forward at the outset was that the UTRCA would be more likely to defer subdivision applications in regulated areas than the HCA. For the entire 2001-2010 period, the UTRCA deferred 58 percent of all subdivision applications in regulated areas and the HCA deferred 41 percent. However, due to small sample size, this result was not statistically significant. Controlling for the new regulation, the UTRCA deferred 64 percent of all subdivision applications in regulated areas, and the HCA deferred 23 percent. This difference was significant at the 95 percent level and the measure of association was moderately strong. Thus, the arguments made by polycentrists regarding the responsiveness of specialized governments are supported. The findings would be made more generalizable by including more

CAs in the study, but they do indicate that an addition may be required to Mullin's distinction between appointed and elected boards. In this case, a CA board where members are appointed by multiple municipalities was more responsive to the provincial interest in watershed management than a CA board made up mostly of members from a single municipality. When combined with the findings from the previous case studies it is clear that board composition has significant policy consequences. Specialized governments behave differently than general purpose governments, but specialized governments with fragmented and consolidated boards behave differently as well. This will be discussed in greater detail in the final chapter.

Chapter Seven

Conclusion

For two similarly-sized metropolitan areas in the same province, local government structures and methods of service delivery are very different in London and Hamilton. In London, local government is more fragmented, with many functions being delivered by special purpose bodies. In Hamilton, local government is more consolidated and most functions are delivered by municipal departments. Both would probably be considered consolidated if they were in the United States. Nevertheless the differences between them are significant. The policy consequences of this structural variation have been the focus of this dissertation. Comparisons were undertaken for three local government services: public health, economic development, and watershed management. The findings from these comparisons indicate that policy consequences vary by function and the extent to which the special purpose bodies are controlled by a single municipality, which dominates the board. Much of the U.S. literature on special districts makes distinctions between elected and appointed boards, and assumes that appointed boards will be less autonomous. But what the findings from this dissertation indicate is that appointed boards can carve out considerable autonomy for themselves as well. Before discussing these more general findings in greater detail, the specific findings from each case study will be summarized.

An important objective of this dissertation was to apply the competing theoretical propositions of polycentrists and consolidationists to the Canadian context. Much of the empirical work that has been done on local specialized governments is based on evidence from the U.S., where the institutional and intergovernmental setting is very different. Each case study was designed to empirically test theoretical disagreements between polycentrists and consolidationists. The public health and the economic development chapters directly compared

municipal and special purpose body service delivery. In London, public health and economic development are delivered by special purpose bodies, whereas in Hamilton they are delivered by municipal departments. Watershed management is different. The comparison for this case study was between a fragmented conservation authority board in London, and a consolidated conservation authority board in Hamilton. The intent here was to assess how board composition affects the behaviour of special purpose bodies.

Taken as a snapshot, as in Table 7.1 below, the findings from this dissertation are mixed. The hypotheses of the polycentrists were supported by the results from three measures across two case studies, while the hypotheses of the consolidationists were supported by the results from five measures across two case studies. On aggregate, the consolidationists' hypotheses were supported more often than not, but this is due at least in part to case and measure selection. For example, support for the consolidationists' hypothesis regarding accountability would not have been as strong had the same test been applied to either public health or watershed management, as the meetings of the Middlesex-London Health Unit and the Upper Thames River Conservation Authority are open and accessible to the public. The general findings mentioned above become evident through a more detailed description of these results.

Table 7.1 Support for Hypotheses, by Case Study

	Polycentrists	Consolidationists
Public Health		
Spending Increases		X
Staffing and Administrative Costs	X	
Efficiency	X	
Effectiveness		X
Economic Development		
Accountability		X
Policy Coordination		X
The Influence of Private Interests		X
Watershed Management		
Responsiveness	X	

7.1. Results by Case Study

Public Health

The results for the first case study, public health, were split. Public health is an allocational function in which the province plays a major role. It was chosen as a case study because in Ontario public health may be delivered by a municipal department or a special purpose body. Regardless of structure, however, each health unit must deliver the same suite of provincially mandated programs. There is considerable variation in Ontario in terms of both the geographical size and population density of individual health units, but the Middlesex-London Health Unit (MLHU) and Hamilton Public Health Services (HPHS) have been grouped into the same category, by the province, for comparison purposes. The hypotheses of the consolidationists were supported by the measures on spending increases and effectiveness, while the hypotheses of the polycentrists were supported by the measures on staffing and administrative costs, and efficiency. All of these findings, however, require some explanation.

Through provincial legislation, health units have the authority to levy municipalities for their services. Some health units take advantage of this authority, whereas others take their budget direction from member municipalities. Prior to the provincial funding increase in 2005, the MLHU took its budget direction from the City of London, its largest municipal funder. When the provincial increase took effect, the MLHU negotiated an agreement with the City of London and the County of Middlesex that would see their funding levels remain static as the province moved from a 50-50 funding formula to a 75 percent provincial, 25 percent municipal funding formula. However, after the province began to cap its annual funding increase and the time period for reaching the 75/25 split was pushed back, the City wanted to see its levy contribution reduced. The MLHU refused and continued set its budgets based on the agreement made in

2005. Thus, the increase in provincial funding was a de facto increase in autonomy for the MLHU. After the province began to take on a greater portion of public health funding, the MLHU no longer felt the need to take budget direction from the City, and the City was unable to bring the MLHU back under control. Prior to the funding increase, the MLHU was one of the lowest per capita funded health units in the province, and it made the case that, even with more money from the province, any reductions in the City's contribution would impact its ability to fulfill its mandate.

In Hamilton, the situation was much different. HPHS staff were unable to convince council, sitting as the board of health, to maintain spending levels. The team mentality of being a department within a larger organization also prevented staff from pushing their case too hard. The City of Hamilton reduced its contribution to public health, alongside the provincial increases, as a way to reduce the impact of public health on the property tax base. As a result, the 75/25 split was reached in Hamilton after only a few years. Public health spending increased at a slower rate in Hamilton than in London during the study period, which supports the hypothesis of the consolidationists. However, the increase in provincial spending was intended to increase the capacity of the public health system. The HPHS was unable to take advantage of the funding increase to the same extent that the MLHU was.

Spending may have increased at a faster rate for the MLHU than HPHS during the study period, but the findings regarding staffing costs reveal that HPHS spends more per capita on staffing than the MLHU does. In addition, while the ratio between front-line and administrative staff is similar for both health units, HPHS has more staff per capita than the MLHU for both categories. These findings support the polycentrists' hypothesis that larger bureaucracies will

spend more on staffing. The per capita numbers also illustrate how far the MLHU was behind other comparable health units in terms of funding prior to the provincial increase.

The findings for the efficiency measure tell a similar story, and also support the hypothesis of the polycentrists regarding the relative efficiency of specialized governments. This measure was composed of per capita mandatory program spending, and a quality indicator – accreditation scores from Ontario Council on Community Health Accreditation (OCCHA) surveys. During the study period, the MLHU spent on average \$7.27 less per capita than HPHS to deliver mandatory programs. Both health units were surveyed by OCCHA in 2005 and 2010 and both received the maximum accreditation award each time. HPHS scored slightly better than the MLHU on both surveys, but the shortcomings of the MLHU were relatively minor and it appears as though they could be corrected for much less than the amount that it is outspent by HPHS. The scores of both health units increased considerably as provincial funding was increased. Again, mandatory program spending increased at a faster rate for the MLHU than HPHS, but the MLHU started from a much weaker position.

Effectiveness was operationalized as completion rates for annual food premise inspections. Although food premise inspections are only a small part of what health units do, they are an important and relatively comparable task. Especially in comparison with other mandatory program standards, such as the prevention of chronic diseases, health units have more control over food premise inspections. Completion rates for HPHS were higher than for the MLHU for most years. HPHS' average completion rate was 85 percent, while the MLHU's was 73 percent. This supports the consolidationists' hypothesis that general purpose governments are more effective than specialized governments. However, as the MLHU's expenditures increased relative to HPHS' over the study period, its completion rates did improve.

In short, although the findings were mixed, the response taken by each health unit to the provincial funding increase is perhaps the most telling. The MLHU started out well below HPHS in terms of per capita spending. This spending gap was reflected in better accreditation survey results and higher food premise inspection completion rates for HPHS compared to the MLHU. When the province began to increase its funding level, the MLHU was able to convince its municipal funders to maintain their contribution levels, while HPHS was not able to convince the City of Hamilton to do the same. Even when the City of London asked to have its contribution reduced, the MLHU refused. As a result, the MLHU's expenditures increased at a faster rate and its accreditation scores and food premise inspection completion rates improved relative to HPHS'. The MLHU, which is a special purpose body, was able to more fully capture the benefits of the increase in provincial spending. HPHS, which is a municipal department, benefitted from the provincial spending increase, but not to the same extent. Hamilton's municipal council, which also sits as the board of health, instead sought to utilize the provincial increase to provide some relief to the property tax base. In general terms, these findings seem to suggest that special purpose bodies, which are more autonomous from municipal control – and have their mandate laid out in provincial legislation – will be more likely to seize upon provincial initiatives that enhance their ability to pursue their mandate.

Economic Development

The findings from the economic development chapter all support the hypotheses of the consolidationists. In Hamilton, where the lead agency is part of a municipal department, economic development policy was more accountable, better coordinated, and less susceptible to the influence of private interests than in London, where the lead agency is a special purpose body. Economic development is a developmental function with minimal provincial involvement.

The policy consequences of specialization appear to be different for this policy area than for the other two case studies, which are primarily allocational functions with heavy provincial involvement.

Public access and external accountability are important for polycentrists' and consolidationists' understandings of accountability. The Governance Assessment Tool (GAT), which was used as the measure for accountability, takes both of these into account. The London Economic Development Corporation (LEDC) scored poorly on the GAT, whereas Hamilton's Economic Development Division scored very well. Decision making on economic development policy is much less visible in London than it is in Hamilton, and the reporting relationship to council is much thinner. The consolidationists' hypothesis that municipal departments are more accountable is supported in this instance.

Economic development policy is also more coordinated in Hamilton than in London. In London, this policy area is fragmented. Although the LEDC is the lead agency, it lacks full functional responsibility, as a number of other autonomous agencies are involved as well. The result is a near worst-case scenario for coordination, as there are too many players with too little responsibility. The autonomy that they each possess has prevented the City from developing a coherent economic development strategy. The City of London controls the funding for most of these agencies, but it has been largely unsuccessful in its attempts to consolidate this policy area. The leaderships of these disparate agencies have resisted reform efforts that have the potential to see them lose their jobs or their autonomy. This also undermines some claims made by polycentrists regarding the ease at which special purpose bodies can be dissolved if they are no longer needed for the purpose they were created for. During the study period, the City and the LEDC also had incoherent goals regarding the sale of City-owned land. The City was concerned

about violating the bonusing provisions in the Municipal Act, whereas the LEDC often advised potential investors to make offers below the City's asking price. During these negotiations LEDC staff viewed themselves as agents of the investor rather than the City.

As a result of amalgamation, and the wide functional reach of the Planning and Economic Development Department, economic development is fairly consolidated in Hamilton. The City of Hamilton has had an economic development strategy in place since shortly after amalgamation, which covers its main policy goals and is a component of a larger corporate growth and infrastructure planning strategy. Operationally, an aggressive corporate calling program allows the Economic Development Division to act as a conduit between businesses and staff from other divisions and departments. It does appear as though there is some disconnect between Economic Development and Planning staff, especially regarding approval timelines. Nonetheless, there is less redundancy and incoherence in Hamilton than in London. The consolidationists' hypothesis that general purpose governments are better than specialized governments at achieving coordination is supported.

Finally, the consolidationists' hypothesis that private interests will have more influence over specialized governments is also supported. In Ontario, there are three significant general financial incentives which municipalities can offer to business: selling serviced industrial land below cost, reducing or waiving industrial development charges (DCs), and keeping their industrial property tax rates low. These incentives are considered to be in the private rather than the public interest, because they are based on the premise that growth pays for growth and are largely financed by residential property taxpayers. During the study period, the chambers of commerce in both London and Hamilton consistently advocated for these incentives. Although private interests are influential in both cities, their influence is stronger in London where a

special purpose body is the lead agency for economic development. The institutionalized voice of the LEDC, which advocated for these same policies, appears to have tipped the scales. London sold a lot of serviced industrial land, all of it below cost, waived DCs for industrial development, and had a consistently competitive industrial property tax rate. The LEDC benefits from these policies without realizing the costs, which are paid by the City. In Hamilton, the costs and benefits of incentives to businesses are more fully realized within the Planning and Economic Development Department. Hamilton did seek to position itself competitively, but it did not give as much away as London did. Hamilton maintained only a minimal inventory of industrial land, tried to break even on industrial land sales, charged discounted DCs for industrial development, and made reductions to its traditionally high industrial tax rates. The more limited use of incentives in Hamilton was informed by evidence indicating that the decisional locations of firms rarely come down to financial incentives alone and by a recognition that growth should pay for at least some of its associated costs. These same ideas were a part of the discussion in London, but the LEDC's influence prevented them from taking hold amongst a majority of council members.

Taken together, the findings from these three measures indicate that the relative power of business is stronger when economic development is delivered by a special purpose body. When an economic development corporation is the lead agency for economic development, citizens and municipal politicians have less information about decision making. Municipalities have a more difficult time developing a coherent economic development strategy, and are more likely to offer generous financial incentives to businesses. As was the case with public health, a special purpose body was more single-minded in the pursuit of its mandate than a municipal department. In this instance, the LEDC's ability to pursue its mandate – which is to attract and retain business – was enhanced by insulation from political control and by generous municipal financial incentives.

The costs of the latter are borne by the City and ultimately the municipal taxpayer. In Hamilton, the costs and benefits of these policies are more fully contained within the municipal structure. Economic development staff are concerned with attracting and retaining businesses, but they are part of a department that must also come up with ways to finance the necessary infrastructure. Accordingly, there is a greater recognition in Hamilton that growth should pay for growth. The City of London, in large part because of the advocacy of the LEDC, appears to be more concerned with losing out on potential investment than making growth pay for a greater share of its associated costs. While the policy consequences of specialized service delivery were mixed for public health, an allocational function with strong provincial oversight, they were negative for economic development, a developmental function with minimal provincial involvement.

Watershed Management

The watershed management case study was different from the other two because it compared two special purpose bodies – one with a fragmented board and one with a consolidated board. In southern Ontario, watershed management is delivered by conservation authorities (CAs), so unlike for public health and economic development, comparisons between special purpose body and municipal service delivery are not possible. Nonetheless, because the boundaries of CAs are determined by their function, they provide a unique opportunity to study how board composition affects policy responsiveness. In this instance, the variable of board composition was isolated because the main CAs in London and Hamilton have very different geographical reaches. The Upper Thames River Conservation Authority (UTRCA) has a fragmented board. The City of London is its largest member municipality, but it does not control the board. The Hamilton Conservation Authority (HCA) has a consolidated board, which is controlled by the City of Hamilton.

The hypothesis for this chapter was informed by the general debate between the polycentrists and the consolidationists, but also by the findings from the previous two case studies. Polycentrists argue that fragmented systems are more responsive to the preferences of affected residents, while consolidationists argue that fragmented systems are more responsive to the preferences of private or special interests. What the findings from the previous case studies show is that special purpose bodies which are autonomous from municipal control are more single-minded in the pursuit of their mandate than municipal departments. For this case study, responsiveness referred to the willingness of CAs to faithfully implement provincial policy when making recommendations on subdivision applications. The hypothesis was that the UTRCA would be more responsive to the provincial mandate, because its more fragmented board insulates it from municipal control. In the local government literature, responsiveness usually refers to the willingness of governments to respond to local preferences, but preferences are mediated through governments. Insofar as there is a systemic bias towards developmental interests in municipal politics, insulation from political control for certain allocational functions may result in outcomes that better reflect the preferences of the median voter.

Watershed management is about considering the health of the watershed as a whole. Decisions regarding land use are an important component of this process, because development impacts watershed health. These impacts can be mitigated, but this may result in added costs and lost revenue for developers and municipalities. This is especially evident in instances where subdivision developments abut particularly hazardous or sensitive areas of the watershed. Homeowners with means want to live near water or natural areas and developers want to maximize their profit in any proposed subdivision development. Municipalities, though bound by provincial land-use planning policies, want to facilitate development because property taxes,

development fees, and building permits are important revenue sources. The province is interested in ensuring that development proceeds in a way that protects watershed health and minimizes public safety risks. And CAs have considerable responsibility in ensuring that these provincial goals are met. These provincial goals also reflect the preferences of most existing residents, because they do not benefit from conventional subdivision development when it results in environmental harm. Subdivision approval is thus a complex and often contentious process. Municipalities and CAs have specific and sometimes overlapping roles, and their interests can conflict. Board composition is likely to play a role in determining the extent to which a CA is willing to faithfully implement provincial policy.

Responsiveness was operationalized as the percentage of subdivision applications that encroach upon natural hazard and natural heritage features regulated by CAs, for which the CA recommends deferral. A recommendation of deferral means that the CA does not support moving the application forward unless certain changes are made to the plan of subdivision or more information is submitted. This is representative of the preventative and precautionary approach advocated by the province to ensure that development does not negatively impact watershed health.

The hypothesis that the UTRCA would defer a greater percentage of subdivision application in regulated areas was supported. For the entire 2001-2010 period, the UTRCA deferred fifty-eight percent of all subdivision applications in regulated areas and the HCA deferred forty-one percent. However, due to the small sample size, this result was not statistically significant. After the introduction of more encompassing regulation in 2006, the UTRCA deferred sixty-four percent of all subdivision applications in regulated areas and the HCA deferred twenty-three percent. This difference was significant at the ninety-five percent level and

the measure of association was moderately strong. Although CA boards are not directly involved in making recommendations on specific subdivision applications, the extent to which they are prepared to protect their mandate – even when it may conflict with municipal interests – has implications for organizational capacity and the attitudes of staff members. This in turn impacts the ability and willingness of CA staff to seize new regulatory responsibilities. These findings support the arguments of the polycentrists regarding the responsiveness of specialized governments. They also seem to suggest that differences in board composition do matter for appointed boards. A special purpose body that is more autonomous from municipal control was more faithful to its mandate than one that was not. Watershed management is an allocational function with heavy provincial involvement, and the policy consequences of specialization were positive in this instance.

In short, the policy consequences of specialization varied depending upon the extent to which the special purpose body was autonomous from municipal control and by function. The more autonomous the special purpose body, the more protective it is of its mandate. This held across all case studies. For public health, the increase in provincial funding was like an increase in autonomy for the MLHU, as it went from taking budget direction from the City of London, to negotiating its budget allocation, to refusing to take direction from the City when it requested a decrease in its contribution. This shift was evident across all of the other measures as well. During the study period, spending increased at a faster rate at the MLHU than HPHS, but the MLHU also improved against HPHS on the service quality measures. For economic development, the LEDC benefitted from being insulated from municipal control and from policies that were in the private rather than the public interest. It reacted strongly against efforts by the City to bring it under the control of a different board, and advocated for taxpayer funded

business incentives, which it felt enhanced its ability to pursue its mandate. Finally, for watershed management, the UTRCA, which has a fragmented board, was more responsive to the provincial goals of watershed management than the HCA, which has a consolidated board. These provincial goals also reflect the preferences of the median voter.

7.2. The Policy Consequences of Specialization

A stated aim of this dissertation was to see whether the debate between polycentrists and consolidationists, which has taken place largely in the U.S., could transfer to the Canadian context where the institutional setting and intergovernmental relationships are very different. While most special purpose bodies in Canada are lacking direct democratic representation and direct fee for service charges to citizens – two characteristics which are important for polycentrists – the debate did transfer fairly well. Cases were drawn from Ontario, Canada's most populous province, where the use of special purpose bodies has been particularly wide spread. The findings were mixed, but when combined, the hypotheses of both schools of thought were helpful in explaining and predicting the behaviour of both special purpose bodies and municipal departments under different circumstances. The value added of drawing cases from outside the U.S. is that the explanatory factors for why special purpose bodies behave differently from municipal departments may change under different institutional structures. Empirical results from the U.S. indicate that the attributes that matter most for special purpose body behaviour are: board composition, function, mode of financing, and geographic scope (Foster 1997; Berry 2009; Mullin 2009). The special purpose bodies and municipal departments studied in this dissertation are broken down according to these attributes in Table 7.2, below. The municipal departments are included in order to highlight the key explanatory factors for the differences in observed behaviour between the specialized and general purpose service delivery.

What the findings from this dissertation indicate are that board composition is perhaps the strongest explanatory factor for special purpose body behaviour in the Canadian context.

Function is important as well. However, the watershed management case study illustrates the limits of this variable: it cannot explain behavioural differences between special purpose bodies that deliver the same service. Mode of financing and geographic scope also have some power in explaining agency behavior, but only insofar as they relate to board composition. The key determinants are in bold type. For public health, the arrows indicate how board composition affects whether the municipal levy is treated as such, or as a budget allocation. For watershed management, they indicate how geographic scope affects board composition.

Table 7.2 Key Attributes of Special Purpose Bodies and Municipal Departments

	Function	Mode(s) of Financing	Board Composition	Geographic Scope
Middlesex-London Health Unit	Public Health - Allocational	Provincial grant, municipal levy	Fragmented appointment by member municipalities and province ←	County and separated City
Hamilton Public Health Services	Public Health - Allocational	Provincial grant, municipal levy (treated as budget allocation)	Consolidated - council sits as board of health ←	Coterminous with municipal boundaries
London Economic Development Corporation	Economic Development - Developmental	Municipal budget allocation, own source revenue	Consolidated – mainly business appointees	Coterminous with municipal boundaries
Hamilton's Economic Development Division	Economic Development - Developmental	Municipal budget allocation	Consolidated – committee of council	Coterminous with municipal boundaries
Upper Thames River Conservation Authority	Watershed Management - Allocational	Municipal levy, own source revenue, provincial grant	Fragmented – appointment by member municipalities ←	Watershed – many municipalities ←
Hamilton	Watershed	Municipal levy	Consolidated –	Watershed –

Conservation Authority	Management - Allocational	(treated as budget allocation), own source revenue, provincial grant	appointment by member municipalities	basically coterminous with municipal boundary ←
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The key characteristic that helps to explain why the MLHU behaved differently than HPHS is board composition. As mentioned above, all boards of health have the legislative authority to levy municipalities for their services. The extent to which they actually take advantage of this authority depends on whether or not the board is controlled by a single municipality. The MLHU's board consists of 11 members. Five are appointed by the province, three are appointed by the City of London, and three are appointed by the County of Middlesex. During the study period, not all of the municipal appointees were municipal politicians and at least one politician who sat on the board was very committed to protecting and enhancing the MLHU's mandate (Interview 20). Thus, the City of London's ability to control the budget direction of the MLHU was always rather limited. However, mode of financing is important here, because when public health funding was equally shared between municipalities and the province, the MLHU voluntarily followed the City's budget direction. The provincial funding increase, however, was like a de facto increase in autonomy for the MLHU. With the City no longer accounting for nearly half of its budget, the MLHU changed its approach and began acting more independently when setting its budget. In Hamilton, council sits as the board of health and HPHS is a municipal department. Even though certain municipal politicians were extremely committed to public health, they were not in the majority. As a result, the legislative authority held by council (as the board of health) to in effect, levy itself was not exercised in Hamilton. Even though the province increased funding as a way to improve the capacity of the public health system, council instead chose to use this extra money to offset the impact of public

health spending on the local tax base. In short, the MLHU levies the City of London, while the HPHS receives a budget allocation like every other municipal department. Board composition explains why the MLHU was able to benefit from this increase more so than HPHS.

Board composition also matters most for economic development. Even though the LEDC reports solely to the City of London, the City does not have control over its board. The LEDC board includes only two municipal appointees. One of them, London's CAO, is a non-voting member and the rest are mainly from the business community. In this sense, the board is consolidated because it is dominated by local business interests, but not by the municipality. This is reflected in the behaviour of the organization. The LEDC's mandate is to attract and retain businesses. It benefits from being insulated from political control and from policies that are in the private rather than the public interests. As a result, it resists any perceived instances of political incursion against its autonomy, and uses its institutionalized voice to promote business interests. Because the LEDC does not have to internalize the costs associated with these policies it opposes any effort made by the City to have businesses pay for a greater share of the costs of growth. In Hamilton on the other hand, economic development is viewed as a corporate responsibility. While the mandate of the Economic Development Division is similar to the LEDC, economic development staff are part of a larger municipal structure and are more aware of both the benefits and costs of policies that prioritize private interests at the expense of municipal taxpayers. As a result, staff are more supportive of policies that require business to pay a greater share of the costs of growth.

In comparison with the other two cases studies, the economic development case study illustrates the policy consequences of the function performed, or service delivered by specialized governments. Function matters because specialized governments are more single-minded in the

pursuit of their mandate than are municipal departments. Economic development is a developmental function. To the extent to which developmental functions favour private interests over public interests, specialization is likely to exacerbate this imbalance. The benefits of allocational functions are enjoyed by most citizens, but their immediate purpose is not to increase the local property tax base. As a result, they are not always a priority for municipal politicians. Thus, specialization will likely result in a higher level of service provision in these areas than general purpose delivery. This is similar to Mullin's (2009) finding that specialized governments are more responsive to the preferences of the median voter when problem severity (which translates to level of political attention) is low. However, depending upon the mandate and the level of autonomy afforded to specific specialized governments, there is also a risk of overprovision. This relates to Berry's (2009) findings regarding the allocation of benefits to the special interest groups that actually pay attention to specialized governments, at the expense of most other taxpayers. In Ontario, however, the mandates of most special purpose bodies that deliver allocational functions – health units and conservation authorities included – are laid out in provincial legislation, and they do not tax citizens directly. These two characteristics appear to put some limits on the runaway tendencies of specialized governments.

The only difference that really matters for the watershed management case study is board composition. Board composition is a function of geographic scope in this instance, but geographic scope is not in and of itself a powerful explanatory factor. For example, even though the geographic scope of the HCA has not changed since prior to amalgamation, its board composition has changed considerably. Prior to amalgamation, all of the lower-tier governments in the Region of Hamilton-Wentworth made appointments to the HCA's board, but since amalgamation all of these appointments have been made by the amalgamated City of Hamilton.

The HCA's board has 11 members, 10 of whom are appointed by the City of Hamilton. In London, the UTRCA, which is the City's main CA, has a jurisdiction which spans multiple municipalities. As a result, its board is fragmented. The UTRCA's board has 15 members, of which London appoints four. The UTRCA's fragmented board allows it to be more responsive to its provincial mandate, because it is not controlled by a single municipality. The HCA's board, on the other hand, is dominated by a single municipality. It acts more like a municipal department than an independent special purpose body. This adds another dimension to Mullin's finding regarding the responsiveness of elected versus appointed boards. Mullin makes a distinction between appointed and elected boards and finds elected boards to be more responsive when problem severity is the lowest. While Mullin notes that board appointees are "appointed to their positions by elected officials representing overlapping cities and counties or the state" she groups all appointed boards together and does not make a distinction between fragmented and consolidated boards (2009, 75-78). What the findings from this dissertation suggest is that the more fragmented boards in Mullin's study likely behaved similarly to the elected boards, while the consolidated boards likely behaved more like municipal departments.

In short, transferring the debate between polycentrists and consolidationists to the Canadian context allowed for a narrowing of the explanatory factors for the different behaviour exhibited by specialized governments and general purpose governments, and among specialized governments themselves. The attribute that most powerfully explains the behaviour of the specialized governments studied in this dissertation is board composition. Function helps to explain why the policy consequences of specialization may differ depending upon functional area – whether it is developmental or allocational – but its explanatory power is obviously limited in explaining any differences exhibited by specialized governments which perform the

same function. Mode of financing and geographic scope also have some explanatory power, but the ability to take full advantage of certain revenue tools appears to be related to board composition, and geographic scope only matters if it causes the boards of specialized governments to be more or less fragmented.

7.3. Theoretical Contributions

This dissertation makes two important theoretical contributions. The first is that special purpose bodies are more single-minded in the pursuit of their mandate than are municipal departments. The more autonomous they are, the more confident or faithful they become in this pursuit. The most powerful predictor of autonomy and as result behaviour is board composition. Board composition also explains behavioural differences amongst special purpose bodies that perform the same function. In other words, the most important attribute of a special purpose body is the way in which it is controlled. Evidence from the U.S. indicates that elected and appointed boards behave differently. Most special purpose bodies in Ontario are appointed rather than elected, so the same comparisons are not possible. Nonetheless, evidence from this dissertation indicates that there are important differences between appointed boards as well. For special purpose bodies whose boundaries are coterminous with municipal boundaries, the percentage of municipal appointees matters. The behaviour of the LEDC and the HCA are good examples of this. During the study period, the number of business appointees always outnumbered the number of City of London appointees on the LEDC board. This imbalance was made even more pronounced in 2006, when the number of City appointees was reduced to only two of 14 (only one of these appointees, the mayor, has voting rights). Thus, although the LEDC reports to the City, it is primarily influenced by business interests. The City has very little control over the LEDC's decision-making process. The HCA on the other hand, is made up primarily of appointees from

the City of Hamilton. This allows the City to exert considerable control over the organization, even though it is supposed to be autonomous. For special purpose bodies whose boundaries include more than one municipality, the more municipalities they encompass and the extent to which this is reflected in the composition of their boards matters. The UTRCA is a good example of this. Because its board is so fragmented, no single municipality has full control over it. Compared with the HCA, which performs the same function but has a consolidated board, the UTRCA is much more autonomous and more confident in the pursuit of its mandate. The MLHU's board is also fragmented. This allowed it to seize upon the increase in provincial funding, more so than HPHS, which is a municipal department

The second contribution is that the policy consequences of this single-mindedness vary by function or policy area and by the level of provincial involvement in these policy areas. For allocational functions with heavy provincial involvement, the policy consequences of specialization were mixed. Specialization reduces the control that municipalities have over these functions. As a result, more of these services may be provided than if they were delivered by a municipal department. However, as the public health chapter illustrates, there do appear to be efficiencies associated with smaller organizations, which can offset some cost pressures. HPHS, which is a municipal department and part of a larger bureaucratic structure, spent more per capita on staffing and mandatory programs than the MLHU, which is an independent special purpose body. The inability to directly charge citizens and the provincial mandates that these agencies must meet also limits their ability to engage in the type of opportunistic behaviour described by Berry (2009). Boards of health and conservation authorities can levy municipalities, but municipalities are very conscious about their spending decisions. Even though the MLHU and UTRCA do not take budget direction from the City of London, they still need to be able to

justify their expenditure decisions in order to maintain a productive working relationship. This, combined with the need to meet and implement provincial directives, likely prevents them from being captured by special interests groups to the same extent as more autonomous specialized governments in the United States.

For economic development, a developmental policy area with minimal provincial oversight, the policy consequences of specialization were negative, at least as they pertained to accountability, policy coordination, and the influence of private interests. According to Peterson, development policies are supposed to result in a net tax benefit for communities. But policies relating to the attraction and retention of businesses often require existing taxpayers to front-end considerable costs for incentives that may not actually work. This burden is likely to be heavier in instances where the lead agency is a special purpose body, because these types of policies make it easier for them to pursue their mandate.

In short, policy function is a good general indicator of the policy consequences of specialization, but it is not precise enough to differentiate between specialized governments that perform the same function. Policy consequences will be more or less pronounced depending upon board composition. While the hypotheses of polycentrists and consolidationists were able to account for the behaviour of special purpose bodies under certain circumstances, their debate is overly simplistic. Generally, polycentrists argue that specialization will produce positive outcomes, while consolidationists argue that it will produce negative outcomes. In reality, specialized governments pursue their mandate. The policy consequences of specialization will depend upon how autonomous the specific specialized government actually is and what its mandate is. Foster (1997) reached similar conclusions regarding function, but she did not really focus on board composition, which this dissertation found to be a more powerful predictor of

behaviour. More recent empirical work has focused more on board composition, but only to the extent to which boards are elected or appointed. The findings from this dissertation indicate that there are also important differences between appointed boards. Boards that are controlled by a single municipality behave more like municipal departments, while boards with few municipal appointees or appointees from multiple municipalities act with more independence.

7.4. Policy Implications

The policy implications of these findings are that when general purpose governments (in the case of Ontario, municipalities or the province) are considering or evaluating service delivery through special purpose bodies, board composition, function, and to a lesser degree mode of financing should be their main concerns. Board composition is the most important characteristic because it can explain differences in behaviour between special purpose and general purpose governments and between special purpose governments that perform the same function. In short, how special purpose bodies are controlled matters for the general purpose governments that want to control them. Function is important because special purpose bodies pursue their mandate. General purpose governments should play close attention to the mandates of special purpose bodies. If the mandates of specialized governments do not align with or are far removed from the priorities of general purpose governments, there is likely to be conflict. Mode of financing only matters to the extent to which special purpose bodies are willing to use the revenue-raising powers that they have been granted through legislation. Most special purpose bodies in Ontario do not directly charge residents for their services. Instead, they receive their revenue from member municipalities, the province, and through user fees. Some special purpose bodies have the legislative authority to levy municipalities for their services, but as the cases from this

dissertation indicate, this power is unlikely to be invoked when a single municipality has full or near full control over the agency.

The province would be wise to encourage or require the formation of local special purpose bodies in policy areas where it has specific policy goals, but does not want to take full responsibility. Public health and watershed management are both good examples of this. For both of these policy areas, the ideal situation for the province would be to have boards be as fragmented as possible. Fragmented boards are likely to pursue provincial goals more faithfully and are less likely to shy away from levying municipalities for their services. This has the potential to backfire on the province somewhat, if special purpose bodies are especially eager to seize upon provincial initiatives which enhance their ability to pursue their mandate. The uptake of the provincial increase in public health funding by the MLHU is illustrative of this, but the province was able to put a cap on its annual increases in order to prevent the cost of this commitment from growing too rapidly. Watershed management on the other hand, is a more positive example from the province's perspective. The province drastically reduced funding for CAs in the 1990s, but has expanded its policy goals in this area since. Municipalities are now the largest contributors to CA budgets, but policy directives come only from the province. However, as its goals around watershed management continue to expand, it may come under more pressure from municipalities to make larger contributions to CA budgets.

If municipalities are concerned with controlling policy and their level of financial commitment, which most of them are, their interests would likely be better protected by service delivery through a municipal department. If specialization is required through legislation or through the requirements of a particular service, then their interests would be best served by having as much governance control as possible. Because the City of London does not have

control over the boards of the MLHU, the LEDC, and the UTRCA, it has little control over these organizations. The MLHU refused the City's request for a levy reduction, the LEDC reacted strongly against efforts made by the City to better coordinate the various agencies involved in economic development in the city, and the UTRCA's willingness to recommend deferral on subdivision applications affecting natural hazard features can result in lost development fee, building permit, and property tax revenue for the City. In Hamilton on the other hand, the City has full control over public health and economic development, because these services are delivered by municipal departments. As a result, it was able to use the increase in provincial spending on public health to offset pressures on the property tax and has been able to put an economic development strategy in place, which is part of a larger corporate growth strategy. The HCA is not a municipal department, but because the City of Hamilton controls its board, it behaves like one. The likelihood that a subdivision application which affects natural hazard features will be deferred in Hamilton is significantly less than it is in London. Thus, if a municipality seeks to control finance and policy, the situation in Hamilton seems much more desirable than the one in London.

From a citizen's perspective, the policy consequences of specialization will also depend on board composition and the nature of the service being delivered. Again, special purpose bodies pursue their mandate more single-mindedly than municipal departments. If the mandates of special purpose bodies are in the public interest or reflect the preferences of the median voter then the policy consequences of specialization are likely to be positive. If they are not, then the policy consequences will be negative. These effects will be weaker or stronger depending upon board composition. If municipal politicians prioritize developmental functions over allocational functions, delivery by a municipal department, or a special purpose body controlled by a single

municipality, may result in underprovision. The watershed management case is a good example of this. The HCA's board is dominated by appointees from the City of Hamilton. As a result, the HCA board is likely to act in the best interests of the City of Hamilton, even if this negatively affects its ability to pursue its mandate. The UTRCA board is not controlled by a single municipality. It is protective of its mandate and will make decisions that are in the best interests of the organization, even if they conflict with municipal interests. The provincial goals of watershed management reflect the preferences of the median voter, but they can sometimes conflict with municipal interests. In instances such as these, responsiveness to provincial rather than municipal goals will have positive results for most citizens. However, as the public health case study illustrates, not all allocational functions infringe upon developmental goals to the same extent that watershed management does. These types of services may receive less attention from municipal politicians than other functions, but as part of a larger bureaucracy may still receive sufficient resources. For example, despite the recent relative increases in spending at the MLHU, HPHS still outspends the MLHU on a per capita basis.

For developmental functions on the other hand, service delivery by specialized governments is likely to have negative consequences for citizens. The worst case scenario from a citizen's perspective is a specialized agency with a developmental focus and an autonomous board, like the LEDC. Economic development agencies benefit from insulation from political control and from policies that are in the private rather than the public interest. Even though there is little evidence indicating that companies base their locational decisions on financial incentives alone, specialized economic development agencies are more likely to advocate for these policies, because they have the potential to benefit from them and the costs are borne by the municipality.

7.5. Conclusion

Specialized governments deliver important local services in Ontario. Due to amalgamations and other legislative changes, their overall numbers have been reduced in recent decades, but they still greatly outnumber municipalities. Not much has been written about special purpose bodies, as most of the academic attention is centered on municipal governments. This dissertation is an attempt to help fill some of this gap. Methodologically, the decision was made to compare two cities with different local government structures. More services are delivered by special purpose bodies in London than in Hamilton. As the results indicate, there are clear policy consequences associated with these structural differences.

Special districts have recently received some empirical attention in the United States. Much of this work is informed by the competing hypotheses of polycentrists and consolidationists. While local governments in the U.S. and Canada share many similarities, likely more than at any other level of government, important differences remain. An objective of this dissertation was to see whether this debate transferred to the Canadian context. For the most part it did, as both perspectives were useful in explaining and predicting the behaviour of specialized and general purpose governments under certain circumstances. However, as the recent empirical work from the U.S. has also found, this debate is overly simplistic. The behaviour of specialized governments is more complex than either theory allows. Most polycentrists regard specialization as bringing about positive outcomes, whereas most consolidationists equate specialization with negative outcomes. In reality, the policy consequences of specialization depend upon a number of important characteristics.

Evidence from the U.S. has shown that the behaviour of specialized governments can be explained by function, mode of financing, geographic scope, and board composition. The

findings from this dissertation indicate that in the Canadian context, the characteristic that matters the most is board composition. Function also explains behavioural differences between specialized government that perform different functions, but is unable to account for differences between specialized governments that perform the same function. Mode of financing and geographic scope have some explanatory power as well, but only insofar as board composition allows for the full use of available revenue tools and geographic scope results in board fragmentation. In regards to board composition specifically, the U.S. literature draws distinctions between elected and appointed boards, but does not consider differences between appointed boards with different board structures. The results from this dissertation indicate that boards that are not controlled by a single municipality behave more independently than boards that are.

In short, the policy consequences of specialization depend on board composition and function. Specialized governments pursue their mandate more single-mindedly than general purpose governments, but this is contingent on how their boards are controlled. Boards that are controlled by a single municipality behave more like municipal departments, while more autonomous boards behave more independently. Function is important as well, because it is a good indication of what the mandate of the specialized government will be. To the extent to which the mandate is in the public interest or is reflective of the interests of the median voter, the policy consequences are likely to be positive. On the other hand, if the mandate favours private interests at the expense of the broader public interest, the consequences are likely to be negative. Board composition is a more powerful predictor of board behaviour than function, because function cannot explain differences between specialized governments that deliver the same service. Specialization is neither good nor bad in and of itself. More research is needed, but the results from this dissertation indicate that much can be understood about the behaviour of special

purpose bodies by how they are controlled and by what function they perform. These findings may seem overly broad, but when applied to specific special purpose bodies, they have powerful explanatory and predictive properties. Moreover, when applied to the more general debate between those who favour consolidated local government and those who favour fragmentation, the findings from this dissertation make it clear that even relatively small differences in local government structures can have important policy consequences. In other words, huge institutional changes are not needed to produce significant policy differences.

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Interviews

- Interview 1. Upper Thames River Conservation Authority (UTRCA) staff member. March 30, 2012.
- Interview 2. UTRCA staff member. April 5, 2012.
- Interview 3. City of London politician. April 12, 2012.
- Interview 4. UTRCA staff member. April 12, 2012.
- Interview 5. Hamilton Conservation Authority (HCA) staff member. April 27, 2012.
- Interview 6. HCA staff member, April 27, 2012.
- Interview 7. HCA staff member, May 3, 2012.
- Interview 8. City of Hamilton staff member. May 24, 2012.
- Interview 9. City of Hamilton staff member. May 24, 2012.
- Interview 10. City of London staff member. June 4, 2012.
- Interview 11. City of Hamilton politician. August 8, 2012.
- Interview 13. City of London politician. August 14, 2012.
- Interview 14. City of Hamilton politician. August 23, 2012.
- Interview 15. City of Hamilton staff member. October 11, 2012.
- Interview 16. Middlesex-London Health Unit (MLHU) staff member. October 15, 2012
- Interview 17. MLHU staff member. October 23, 2012.
- Interview 18. MLHU staff member. October 29, 2012.
- Interview 19. City of Hamilton politician. October 31, 2012.
- Interview 20. former City of London politician. November 7, 2012.
- Interview 21. City of London politician. November 27, 2012.
- Interview 22. City of Hamilton politician. November 28, 2012.
- Interview 23. City of London staff member. December 12, 2012.
- Interview 24. City of Hamilton staff member. January 18, 2013.
- Interview 25. City of Hamilton staff member. February 20, 2013.
- Interview 26. City of Hamilton staff member. April 12, 2013.
- Interview 27. City of Hamilton staff member. April 26, 2013.
- Interview 28. City of Hamilton staff member. April 26, 2013.
- Interview 29. former London Economic Development Corporation (LEDC) staff member. April 30, 2013.
- Interview 30. City of London staff member. May 8, 2013.
- Interview 31. former City of London politician. May 16, 2013.
- Interview 32. LEDC staff member. May 21, 2013.
- Interview 33. former City of Hamilton politician. May 31, 2013.
- Interview 34. former member of Hamilton's Jobs Prosperity Collaborative. May 31, 2013.
- Interview 35. former City of London staff member. June 10, 2013.
- Interview 36. City of Hamilton staff member. July 11, 2013.
- Interview 37. LEDC board member. August 8, 2013.

Appendix A: Sample Correspondence between the Upper Thames River Conservation Authority and the City of London, and the Hamilton Conservation Authority and the City of Hamilton

Below is sample correspondence between the Upper Thames River Conservation Authority (UTRCA) and the City of London, and the Hamilton Conservation Authority (HCA) and the City of Hamilton. Both samples apply to applications that were submitted after the introduction of the updated Section 28 regulation of the Conservation Act. The recommendation from the UTRCA is for deferral; whereas the recommendation from the HCA is for draft approval. These two examples were selected because they are representative of the typical recommendations made both the UTRCA and the HCA for applications in regulated areas after the introduction of the new regulation. The UTRCA recommended deferral because it had concerns regarding an erosion hazard, the Environmental Impact Study prepared for this subdivision, and the stormwater management strategy. UTRCA staff were not comfortable recommending draft approval until these concerns were addressed. The HCA had concerns regarding the Environmental Impact Prepared for this subdivision and how the development would affect a provincially significant wetland (PSW) located within 120 meters of the property. Nonetheless, the HCA recommended draft approval prior to reviewing a hydrogeological report that would address the impacts of the development on the PSW. The completion of this report was included as a draft condition.

UPPER THAMES RIVER

"Working in Partnership with the Community for a Healthy Watershed"

The Thames
A Canadian
Heritage River



December 15, 2009

The Corporation of the City of London
Planning Division - Subdivisions & Special Projects

FILE COPY

Attention: Larry Mottram

Dear Mr. Mottram:

Re: File No. 39T-09503/Z-7698- Application for Approval of Draft Plan of Subdivision
& Zoning By-Law Amendment
Applicant: Southside Crown of Commerce

The Upper Thames River Conservation Authority (UTRCA) has reviewed the subject application with regard for policies contained within the *Environmental Planning Policy Manual for the Upper Thames River Conservation Authority (June 2006)*. These policies include regulations made pursuant to Section 28 of the *Conservation Authorities Act*, and are consistent with the natural hazard and natural heritage policies contained in the *Provincial Policy Statement (2005)*. We offer the following comments.

PROPOSAL

The subject lands have an area of 10.93 hectares. The applicant is proposing to develop a residential subdivision comprised of 22 single detached lots.

CONSERVATION AUTHORITIES ACT

As shown on the enclosed mapping, the subject lands are regulated by the UTRCA in accordance with Ontario Regulation 157/06 made pursuant to Section 28 of the *Conservation Authorities Act*. The Regulation Limit which applies to the property is comprised of riverine flooding and erosion hazards as well as wetlands and the surrounding areas of interference. The UTRCA has jurisdiction over lands within the regulated area and requires that landowners obtain written approval from the Authority prior to undertaking any site alteration or development within this area including filling, grading, construction, alteration to a watercourse and/or interference with a wetland.

UTRCA ENVIRONMENTAL PLANNING POLICY MANUAL (June 2006)

The policies which are applicable to the subject property include:

3.2.2 General Natural Hazard Policies

These policies direct new development and site alteration away from hazard lands. No new hazards are to be created and existing hazards should not be aggravated. These policies also include provisions pertaining to lot creation and the fragmentation of hazard lands which is not supported by the UTRCA.

3.2.3 Riverine Flooding Hazard Policies

These policies address matters such as the provision of detailed floodplain mapping, floodplain planning

....2

UTRCA Comments
39T-09503/Z-7698

approach (one zone vs. two zones), and uses that may be allowed in the floodplain subject to satisfying UTRCA permit requirements.

3.2.4 Riverine Erosion Hazard Policies

The Authority generally does not permit development and site alteration in the meander belt or on the face of steep slopes, ravines and distinct valley walls. The establishment of the hazard limit must be based upon the natural state of the slope, and not through re-grading or the use of structures or devices to stabilize the slope.

3.2.6 & 3.3.2 Wetland Policies

New development and site alteration may only be permitted in the area of interference and/or adjacent lands of a wetland if it can be demonstrated through the preparation of an Environmental Impact Study (EIS) by a qualified professional that there will be no negative impact on the hydrological and ecological function of the feature.

GEOTECHNICAL ANALYSIS

As indicated, the regulation limit for this site includes a riverine erosion or slope hazard. The UTRCA has reviewed a number of geotechnical submissions as follows:

1. *Southwinds Drive Subdivision Slope Stability Assessment*, prepared by Atkinson Davies dated April 19, 2005;
2. *Southwinds Drive Subdivision*, prepared by Atkinson Davies dated November 17, 2006;
3. *Southwinds Drive Subdivision*, prepared by Atkinson Davies dated February 19, 2007;
4. *Deer Creek Ridge Subdivision*, prepared by Atkinson Davies dated July 19, 2007 (received by UTRCA July 9, 2008);
5. *Deer Creek Ridge Subdivision*, prepared by Atkinson Davies ~~dated April 20, 2009~~; and UTRCA File No. 39T-03509
6. *Deer Creek Ridge Subdivision*, prepared by Atkinson Davies dated July 28, 2009.

We wish to advise that the subdivision configuration as proposed is not consistent with UTRCA policy. As shown on the submitted drawing dated July 15, 2009 (received by the City of London August 21, 2009), the proposed road is encroaching into the 6 metre erosion access allowance. According to e-mail correspondence dated November 23, 2009 from the agent, the road is encroaching 2 metres into this allowance. Authority staff has advised the agent that all development including the road must be located *outside* of the erosion access allowance. Accordingly, the plan will have to be revised/redlined to address this issue.

STORMWATER MANAGEMENT

The UTRCA has reviewed the *Stormwater Management Plan - Conceptual Southside Group - Deer Creek Ridge Subdivision London* dated July 2009 prepared by IBI Group. Based on the information that has been

UTRCA Comments

39T-09503/Z-7698

provided, we are not in a position to advise whether a Section 28 permit could be issued for the outlet/headwall.

We understand that the outlet for the development is being proposed on the slope which has not been addressed in the geotechnical analysis. The Authority requires more information regarding the route of the outlet, the location of the headwall (development is not permitted in wetlands) and the potential impacts thereof on the wetland (i.e. water balance/base flows to be maintained).

The Authority is seeking confirmation from City staff that the proposed stormwater management strategy for this development is consistent with the City of London's stormwater management policies and design guidelines, in addition to requirements outlined in the Dingman Creek Subwatershed Study Update (2005).

ENVIRONMENTAL IMPACT STUDY

The UTRCA has reviewed the Environmental Impact Study for Southside Group Deercreek Ridge - Bilyea Property dated August 4, 2009 (received October 7, 2009) prepared by Biologic. We offer the following comments.

Groundwater

The protection of groundwater seepage areas post-development in the ravines must be addressed.

Surface Water

Given that the wetland is not sustained by perched water, the quality and quantity of surface water to the wetland is important in order to maintain the wetland feature and its associated functions. The EIS must demonstrate that surface water flows (both quantity and quality) will be maintained once the site has been developed (post construction conditions). The UTRCA does not support the EIS's assertion that quantity control of runoff is not required. A hydrological analysis will be needed to do this.

Vegetation Communities

1. Vegetation communities 3a and 3b are the same.
2. Vegetation community 3b is not a hedgerow, it is part of a large woodland that occurs immediately north of the subject lands.
3. Vegetation communities 1 and 1a are important connections to the large woodlands that occur to the north and the south of the subject lands. Two conservation priority birds were found within communities 1 and 1a. Therefore, they should be retained and increased in size to maintain connectivity between the larger woodlands and to counteract the effects of forest fragmentation.
4. Vegetation communities 3b, 1a and 1 must have a development limit placed along them that considers an appropriate setback to protect the tree species. A setback no less than the height of the trees along the edge of these communities should be provided.

Stormwater Management

Given the potential for untreated water to reach Dingman Creek, there should be a buffer between the creek and the SWM outlet. The EIS should discuss what vegetation exists in this area, and if it needs to be widened. References should be provided.

The EIS must discuss the impact of the storm outlet on the wetland.

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Provincially Significant Floral Species

Although broad beech fern and green dragon were not found on the subject lands during field visits, they have been found within 1 m of the subject lands. As well, suitable habitat for these species is found on the subject lands. Therefore, the EIS must discuss how these suitable habitats will be protected.

ESA Boundary

The UTRCA did not review this section as it is up to the City to determine the boundary limits of the ESA. However, it is our understanding that if a portion of community 5a is included as a mantle to the ESA, then that portion of community 5a is outside the boundary of the ESA. The EIS should provide a setback from that portion of community 5a that is considered within the ESA boundary.

Mitigation for soil compaction should also include the recommendation that no fill or soil or excavated materials requiring stockpiling will be placed in either the buffers, the setback, or in the protected ESA.

Setbacks & Development Limit

In the east, north and south areas of the subject lands, there should be a setback from the maximum line of the ESA, the significant woodland or the geotechnical boundary line. Given that feeder root systems are often stunted and grow only 1 times the height of a tree when they are near agricultural lands, a setback no less than the height of the trees along the edge of these communities should be provided to sustain the vegetation communities.

Restoration

The loss of part of an established vegetation community is not equal to the restoration of an area that is not naturalized. Therefore, in addition to the extra amount of area being restored within the subject lands, larger native tree stock not just native seed mixes and shrubs should be planted to enhance corridor vegetation.

Environmental Considerations

A summary how each of the 14 environmental considerations in Table 4, Section 6, are being protected from impacts of the development is required.

Appendix D

Myrica gale is not believed to be found in London. Please confirm that this is correctly identified.

RECOMMENDATION

Given the UTRCA's outstanding concerns pertaining to the configuration of the subdivision which shows the road encroaching into the 6 metre erosion access allowance, the stormwater management strategy and the number of items raised with regard to the EIS, the UTRCA recommends that this application be deferred to provide the applicant with the opportunity to address the concerns.

UTRCA REVIEW FEES

In June 2006, the UTRCA's Board of Directors approved the *Environmental Planning Policy Manual for the Upper Thames River Conservation Authority*. This manual authorizes Authority Staff to collect fees for the review of Planning Act applications including applications for Plan of Subdivision as well as Zoning By-Law Amendments. The UTRCA's fee for reviewing and commenting on this application is \$2,300.00. The

UTRCA Comments
397-09503/Z-7698

UTRCA also charges a fee for the review of technical reports. Our fee to review the EIS is \$500.00. An invoice will be sent to the applicant under separate cover.

Thank you for the opportunity to comment. If there are any questions, please contact the undersigned at extension 293.

Yours truly,
UPPER THAMES RIVER CONSERVATION AUTHORITY

Christine Creighton
Land Use Planner
TT/CC/cc

Encl.

c.c. Applicant - Southside Group of Companies
Agent - Zelinka Priamo
City of London - Berta Krichker, Manager of Stormwater, Bonnie Bergsma, Ecologist
EEPAC - Dean Sheppard



**Hamilton
Conservation Authority**

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**PLAN REVIEW REPORT: CITY OF HAMILTON
DEVELOPMENT PLANNING**

Attention: Robert Walters

DATE: December 14, 2007 **YOUR FILE:** 25T-2007-11 **OUR FILE:** 25T-2007-11
and OPA-07-018 and OPA-07-018
and ZAC-07-072 and ZAC-07-072

AREA MUNICIPALITY: Ancaster (former)
LOCATION:

NAME OF APPLICANT: Mattamy (Southcoke) Limited
NAME OF PROJECT:
APPLICATION TYPE: Subdiv/ Consent OPA/ Minor Variance/
(Check all applicable) Condo ZBLA Site Plan Control
X X
Application Number 25T-2007-11 OPA-07-018
ZAC-07-072

SECTION A: Conservation Authority

Recommendation: (1 of 4 options)

1. Approve application – no conditions
2. Approve application – subject to conditions
3. Deny application
4. Not applicable – see comments

Comments:

The applicant is proposing to subdivide a 16.78 ha parcel of land presently occupied by the Ancaster Fairgrounds into twenty-eight (28) blocks for single detached dwellings (Blocks 2 to 11, 13 to 27 and 30 to 32), one (1) block for medium density residential uses (Block 1), two (2) blocks for parkland (Blocks 12 and 28), one (1) block for storm water management (Block 29), and one (1) block for a road widening (Block 33) and various new roads. The proposed residential development involves a change in the zoning from the Public "P" and "P-391" Zones to the Residential "R4" Zone, Modified, Residential Multiple "RM4" Zone, Modified, Neighbourhood Park (P1) Zone and Conservation/Hazard Land (P5) Zone, as well as a change in

the designation on Schedule 'B' Land Use – Urban Area, from “Institutional” to “Residential” and “Open Space” and for a change in designation on Meadowlands Neighbourhood III – Map 1 Land Uses from “Neighbourhood Park”, “Storm Water Management”, “Low Density Residential 1”, “Low Density Residential 2” and “Medium Density Residential 1” to “Low Density Residential 2” (Block 1), “Neighbourhood Park” (Blocks 2 and 3), “Storm Water Management” (Block 4) and “Medium Density Residential 1” (Block 5).

The subject property is located on the north side of Garner Road East, between Kitty Murray Lane and Southcote Road, within the limits of both the Tiffany Creek and Ancaster Creek subwatershed areas. This area drains into Hamilton Harbour, which has a Remedial Action Plan to restore the health of the harbour by reducing the amount of sediment entering the harbour and Lake Ontario and by improving stormwater quality. In accordance with the recommendations of the Remedial Action Plan, stormwater quantity control to treat pre to post development levels for storms from 1:2 year to the 1:100 year and quality control Enhanced (Level 1) are required.

While the subject property does not contain any significant natural features, it is located within 120 metres of the Tiffany Creek Headwaters Provincially Significant Wetland (PSW) that is located on the adjacent Redeemer lands on the east side of Kitty Murray Lane and which is traversed by a tributary of Tiffany Creek. As such, the north-easterly portion of the subject property is located within an area regulated by the Hamilton Conservation Authority's (HCA) pursuant to our *Development, Interference with Wetlands, and Alterations to Shorelines and Watercourses Regulation 161/06 under Ontario Regulation 97/04*. Therefore, Mattamy (Southcote) Limit will require a permit from HCA for all grading works, including pregrading, and the construction of the stormwater management pond within the regulated portion of the subject property. An additional permit from HCA will be required for any off-site work that falls within our regulated area, including the construction of the outfall structure and any associated alteration to the Tiffany Creek tributary on the lands located on the east side of Kitty Murray Lane. In this regard, please be advised that the permit application must be authorized (i.e. signed and landowner confirmed) by the affected landowner (whether it be the municipality of Redeemer College).

In accordance with Section 2.1.6 of the 2005 Provincial Policy Statement, a Scoped Environmental Impact Statement was prepared by LGL Limited dated September 2007 to evaluate the ecological function of the adjacent PSW and determine whether the proposed residential development would have any negative impacts on the natural features or functions of the PSW. Authority staff has reviewed the EIS and provide the following comments:

1. In the Introduction, Section 1.0, on page 1, the EIS indicates, without any supporting information, “that the development of the Fairgrounds site will not directly impact the Tiffany Creek Headwaters Provincially Significant Wetland (PSW) Complex, and that stormwater discharge from the stormwater management pond will drain into the wetland community.” However, the EIS then states that the scoped report will assess any potential impact to the wetland. We believe that the first statement should be reserved until all the assessments are completed and then reported in the Summary of the EIS not in the Introduction.

2. Although no formal fish sampling was completed for this study, Section 2.2, Fisheries, indicates that the tributary of Tiffany Creek that traverses the Redeemer property does not support direct fish habitat. Without the benefit of fish sampling, it is not definitive.
3. Section 4.2 Fisheries indicates as there are no watercourses on the subject property, the development will not directly impact fish habitat. While there are no watercourses on the subject property, the EIS itself indicates that the stormwater management pond will drain into the wetland and the watercourse on the Redeemer property. Consequently, the development could have impacts on downstream fisheries.
4. Section 4.2, Fisheries, Section 4.3, Off-site Wetland, and Section 5.0 Summary uses the word "anticipates" fairly broadly as in "no anticipated changes to the flow regime within the tributary downstream", and "the development of the Ancaster Fairgrounds is not anticipated to negatively impact any fish habitat off site", and "there are no anticipated impacts to the wetland from the SWM pond discharge", and that "it is anticipated that the groundwater discharge observed along the watercourse is associated with a shallow groundwater aquifer", and "the development of the Ancaster Fairgrounds site is not anticipated to change the groundwater conditions", etc. Instead, the report should indicate through supporting documentation whether there are any impacts on the flow regime, the fisheries, and the PSW, and if so, what they are and how they will be mitigated.

We note that the Functional Servicing Report prepared by Rand Engineering Corporation, dated September 2007 states that the northern portion of the property is located within the Tiffany Creek watershed (approximately 11.3 ha) and is conveyed north-easterly across Kitty Murray Lane via a 600 mm diameter CSP to an unnamed tributary/wetland within the Redeemer College lands to the east and then outlets to a 1200 mm diameter storm sewer at Stonehenge Drive that conveys flows northerly to the existing on-line Meadowlands Stormwater Management Facility located northeast of Golf Links Road and Highway No. 403, which provides stormwater quality and quantity control prior to discharge to Tiffany Creek. The Functional Servicing Report also indicates that the south-westerly portion of the property that is located within the Ancaster Creek watershed (approximately 4.7 ha) and which presently drains via sheet flow towards an Ancaster Creek tributary, will be redirected to the Tiffany Creek watershed under post-development conditions. Contrary to what the Functional Servicing Report states, we have confirmed with City of Hamilton staff that the Meadowlands stormwater management facility provides only quantity control, and was not designed for quality control. Therefore, the proposed new stormwater management pond on the subject property will have to be designed to provide both quantity and quality control. We understand that a full Stormwater Management Report will be submitted to HCA for review and approval to address these issues.

Authority staff also has concerns with groundwater recharge/discharge impacts on the adjacent PSW on the Redeemer lands and the potential for increased flows and velocities into the tributary and the PSW associated with the residential development and the construction of the stormwater management pond. In this regard, the expertise of both a hydrogeologist and a fluviogeomorphologist will be required to investigate pre and post development conditions. The following outlines HCA concerns that need to be satisfactorily addressed:

1. A hydrogeological report is to be provided. The scope of the report is to include existing groundwater levels, groundwater flow paths, groundwater recharge, and impacts of the development on these functions, as well as the effects on the PSW, and mitigative stormwater management strategies to be implemented.
2. A fluvial geomorphologist is to be consulted to provide energy dissipation measures / additional considerations required for the stormwater management pond outlet into the PSW.
3. A water balance is to be undertaken to determine runoff and recharge from the site to the PSW and provide measures to maintain these flows e.g. infiltration gallery.
4. The northern portion of the site is currently proposed to be released uncontrolled and treated into the downstream Meadowlands stormwater management facility. This facility was not designed for quality control and therefore this portion of the site must be treated. We recommend routing flows through the on-site pond.
5. When finalizing the design of the stormwater management facility, both MOE and the City of Hamilton guidelines are to be followed. Please note that the City of Hamilton guidelines are more stringent in some instances e.g. slope grades.
6. The overland route is to be sized to ensure it can convey flows.
7. The impervious level for the pond block should be set to 90 %.
8. Please confirm model parameters as some discrepancies are noted between the table and model output in the Functional Servicing Report, Appendix A.
9. A Sensitivity Analysis of other storm distributions and durations should be conducted to determine the controlling storm distribution and duration.

Conditions:

For the draft plan of subdivision:

1. That the applicant prepares and implements erosion and sediment controls plan for the subject property to the satisfaction of the Hamilton Conservation Authority (HCA). The approved plan should include the following notes:
 - a) All erosion and sediment control measures shall be installed prior to development and maintained throughout the construction process, until all disturbed areas have been revegetated;
 - b) All erosion and sediment control measures shall be inspected after each rainfall to the satisfaction of Authority staff;

- c) Any disturbed area not scheduled for further construction within 45 days will be provided with a suitable temporary mulch and seed cover within 7 days of the completion of that particular phase of construction; and
 - d) All disturbed areas shall be revegetated with permanent cover immediately following completion of construction.
2. That the applicant prepares and implements a stormwater management plan for the subject property to the satisfaction of the Hamilton Conservation Authority. The approved plan shall address stormwater quantity and quality to current Provincial standards.
 3. That the applicant prepares and implements a lot grading plan to the satisfaction of the Hamilton Conservation Authority.
 4. That the applicant prepares and implements a landscaping plan for the storm water management facility to the satisfaction of the Hamilton Conservation Authority.
 5. That the subdivision agreement includes a clause and identify on the grading and drainage plans, a requirement for a permit to be obtained from the Hamilton Conservation Authority under its *Development, Interference with Wetlands, and Alterations to Shorelines and Watercourses Regulation 161/06 under Ontario Regulation 97/04* prior to the initiation of any grading works and the construction of the stormwater management pond.
 6. That a hydrogeological report be prepared addressing groundwater levels, groundwater flow paths, groundwater recharge, and impacts of the development on these functions, as well as any effects on the Tiffany Creek Headwaters Provincially Significant Wetland, including mitigative stormwater management strategies to be implemented. The report should be submitted to the Hamilton Conservation Authority for review and approval.

For the rezoning application: No objection to the rezoning application.

SECTION B: MNR

Recommendation: (1 of 3 options)

1. Approve application – no comments
2. Approve application – subject to conditions
3. Deny application

Comments:

Ministry of Natural Resources concerns regarding this project have been addressed through the comments and conditions provided by the Hamilton Conservation Authority.

If you have ~~any~~ questions please contact Nora Jamieson, Watershed Planner at extension 132.

Katherine J. Menyes
Director of Watershed Planning and Engineering
NJ/

December 14, 2007

Date

cc: Greg Macdonald, City of Hamilton, Development Planning
Bob Fitzpatrick, City of Hamilton, Development Engineering
Ian MacPherson, Mattamy (Southcote) Limited _____ Steven Frankovich,
James Webb, Webb Planning Consultants

Appendix B: Research Ethics Approval



Research Ethics

Use of Human Participants - Ethics Approval Notice

Principal Investigator: Dr. Robert Young
 File Number: 101525
 Review Level: Delegated
 Protocol Title: Structural Variation and Local Service Delivery: Comparing Municipal Governments and Special Purpose Bodies 18368S
 Department & Institution: Social Science/Political Science, Western University
 Sponsor: Ontario Graduate Scholarship

Ethics Approval Date: December 09, 2013 Expiry Date: December 31, 2013

Documents Reviewed & Approved & Documents Received for Information:

Document Name	Comments	Version Date
Revised Study End Date	The study end date has been extended to December 31, 2013 to allow for project completion.	
Approval Notice	Approval Notice (end date)	2013/08/12
Other	PI email confirmation	

This is to notify you that The University of Western Ontario Research Ethics Board for Non-Medical Research Involving Human Subjects (NMREB) which is organized and operates according to the Tri-Council Policy Statement: Ethical Conduct of Research Involving Humans and the applicable laws and regulations of Ontario has granted approval to the above referenced revision(s) or amendment(s) on the approval date noted above.

This approval shall remain valid until the expiry date noted above assuming timely and acceptable responses to the NMREB's periodic requests for surveillance and monitoring information.

Members of the NMREB who are named as investigators in research studies, or declare a conflict of interest, do not participate in discussions related to, nor vote on, such studies when they are presented to the NMREB.

The Chair of the NMREB is Dr. Riley Hinson. The NMREB is registered with the U.S. Department of Health & Human Services under the IRB registration number IRB 00000941.

CURRICULUM VITAE, Joseph Lyons

EDUCATION

Ph.D.	University of Western Ontario, 2014 (Supervisor, Dr. Robert Young)
M.A.	University of Waterloo, 2009
B.A. (Hons.)	Huron University College, 2007 (with distinction)

SCHOLARSHIPS/ACADEMIC AWARDS

Western:	SSHRC Doctoral Fellowship, 2012-2013 Ontario Graduate Scholarship, 2013-2014, 2012-2013 (declined), 2011-2012, 2010-2011 Graduate Research Scholarship, 2009-2013 Graduate Research Assistantship, 2009-2013
Waterloo:	Balsillie Fellowship, 2007-2009 Graduate Entrance Scholarship, 2007-2009
Huron:	Dean's Honour List, 2004-2007 Prize in International Politics, 2006 Entrance Scholarship, 2003

TEACHING EXPERIENCE

Western:	Lecturer, Theories of Public Administration, 9916A (Fall 2013) T.A., Local Government, 2236E (2012-2013) T.A., Business and Government, 2211E (2010-2011, 2011-2012) T.A., International Relations, 2231E (2009-2010)
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PUBLICATIONS

Conservation Authority Board Composition and Policy Implementation (under review).

Burstein, Meyer and Erin Tolley, with Joseph Lyons, José M'Bala and Robert Waterman. 2011. *Exploring the Effectiveness of Place-Based Program Evaluations*. Ottawa: Policy Research Initiative.

CONFERENCE PRESENTATIONS

June 2013 (CPSA, Victoria, B.C.)	Conservation Authority Board Composition and Policy Implementation
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