

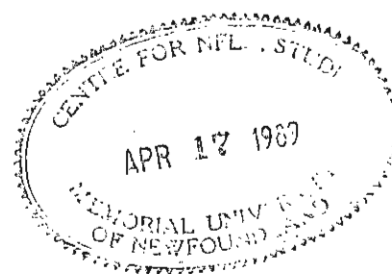
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IN THE MATTER OF
The Municipalities Act,
S.N. 1979, c.33 as am.

AND

IN THE MATTER OF
The Riverhead, Harbour
Grace Joint Feasibility Study

COMMISSIONER'S REPORT



GLORIA HARDING
COMMISSIONER

February 9, 1989

INTRODUCTION

Your Commissioner was appointed by letter dated the 17th day of October, 1988 to prepare a Feasibility Report in accordance with The Municipalities Act, S.N. 1979, c. 32 and the Municipalities Feasibility Reports Regulations, 1980, respecting a proposal by the organizational Committee of Riverhead for municipal incorporation of the community of Riverhead; a proposal by the Town of Harbour Grace to extend its boundary to include Riverhead; and a proposal by the Town of Harbour Grace to extend its boundaries south and east to the Harbour Grace Municipal Planning Area boundary.

A Ministerial Order dated the 5th day of December, 1988, was issued and Notice of Public Hearing was published in accordance with the Act and the Regulations.

The public hearing was held on the 9th day of January, 1989, at the Royal Canadian Legion in Harbour Grace at 7:00 p.m. Present at the public hearing from the Department of Municipal Affairs was

Ms. Alice Graesser. Prior to the time fixed for the hearing, Your Commissioner had in hand written presentations from the following:

1. The Riverhead Organizational Committee.
2. Town of Harbour Grace, respecting the extension of its boundaries to include Riverhead.
3. Brief from the Town of Harbour Grace respecting the extension of its boundaries to include property south and east to the Harbour, Grace Municipal Planning Area.
4. Brief from the Harbour Grace Industrial Adjustment Services Committee respecting proposal (a).
5. Brief from the Harbour Grace Industrial Adjustment Services Committee respecting proposals (b) and (c).

Your Commissioner also has in hand the following documentation:

1. Written brief of the Newfoundland and Labrador Federation of Municipalities as presented orally at the public hearing.
2. Letter dated September 19, 1988 from the Town of Upper Island Cove.
3. Letter dated September 6, 1988 from the Thicket Social Service District Committee.
4. Petition of the residents of Riverhead supporting the proposal for the Incorporation of Riverhead as a Community.
5. Plan of area setting forth the areas outlined in the proposals of The Joint Feasibility Study.

PURPOSE OF REPORT

Your Commissioner was appointed to report to the Minister of Municipal Affairs, Mr. R. Charles Brett, with respect to the feasibility of the following:

- (a) The municipal incorporation of Riverhead as a Community Council and the establishment of its boundaries;
- (b) Extension of Harbour Grace boundary to include Riverhead; and
- (c) The extension of Harbour Grace Municipal boundary south and east to the Harbour Grace Municipal Planning Area boundary.

SYNOPSIS OF EVIDENCE

A large representation of residents from Riverhead and Harbour Grace were in attendance at the public hearing.

Presentations were made by the following:

1. Mr. Paul Moriarty, Mayor of the Town of Harbour Grace.

2. Mr. Patrick J. Collins on behalf of the Organizational Committee to establish a Community Council for Riverhead.
3. Mr. Robert Nutbeem, Chairperson of the Harbour Grace Industrial Adjustment Services Committee.
4. Mr. Douglas W. Smith, Executive Director of the Newfoundland and Labrador Federation of Municipalities.
5. Mr. Thomas J. Walsh.
6. Mr. Jim Cuming.

The evidence taken at the public hearing by Your Commissioner was not under oath.

Your Commissioner structured the public hearing in two parts firstly incorporating proposals (a) and (b) together, and receiving submissions on the merits of whether Riverhead should be incorporated as a community or whether the boundaries of the Town of Harbour Grace should extend to include Riverhead. The second portion of the public hearing dealt with only proposal "C" covering the extension of Harbour Grace into its Municipal Planning Area.

The evidence given at the public hearing will be presented as outlined above and each presentation to your commissioner will be set forth separately.

The alternate Approaches, Recommendations and Conclusions will also be dealt with as Parts I and II respectively.

PART I - PROPOSALS "A" AND "B"

RIVERHEAD ORGANIZATIONAL COMMITTEE

This Committee was represented by Mr. Patrick J. Collins and set forth clearly in their written and oral presentations the desire of Riverhead, Harbour Grace to have its own municipal incorporation and strongly oppose inclusion of Riverhead with the Town of Harbour Grace for the following reasons:

1. Riverhead, Harbour Grace has existed independently for nearly two centuries. It has always had its own church, stores, industry and other social institutions and up to twenty years ago it had its own school.

2. 96% of the adult community of Riverhead desire municipal incorporation as evidenced by the Petition submitted to your commissioner.
3. The community has upgraded its community services by the installation of five community wells serving over 50 households; rendering of garbage collection and by the establishment of recreation committees and these services provided will be equal to those proposed by the Town of Harbour Grace, at a cheaper tax rate.
4. The residents of Riverhead desire guaranteed direct representation to elected officials. Should Riverhead become part of the Town of Harbour Grace then there is no guarantee of direct representation on Council as the voting population of Riverhead is not large enough.
5. It is felt Harbour Grace wants to interfere with the process of upgrading and formalizing the community structure of Riverhead by expanding all municipal services that currently exist. This proposal is baffling to residents of Riverhead especially in light of the costs thereof and the indicated intent of the government to get away from major water and sewer projects in rural areas.
6. It is believed that the Town of Harbour Grace desires control of Riverhead to obtain control of development around the newly announced federal penitentiary site which may be near or inside Riverhead's proposed boundary.
7. If the proposed penitentiary is near or inside Riverhead then development should be controlled by the people who have controlled it for two centuries. Any taxes from the federal government should be returned to the community most affected.
8. It is believed that Harbour Grace wants to control the way Riverhead should be developed, want the land and want the tax dollars.

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9. There is concern about how Harbour Grace runs its own affairs and because Riverhead is on the periphery of the Town it would also be on the periphery of any real development. Indications are that Harbour Grace does not have its total population in mind when developing lands evidenced by the fact that older sections of Harbour Grace are still waiting for more basic services while newer developed sections have received all services.

Mr. Collins put forth the economic viability of Riverhead, Harbour Grace. His figures show revenues of \$53,100.00 and expenditures of \$52,500.00 with a surplus of \$600.00. Capital costs of upgrading two community wells are included in the proposed expenditures.

Mr. Collins in his presentation further comments that he agrees with the statement that Newfoundland has too many municipalities and not enough pooling of municipal resources and indicated that perhaps a look should be had at a regional form of government to solve the problem. He suggests decentralized local community governments can have joint control of development and can share resources.

Mr. Collins further indicated to your Commissioner that should she not recommend municipal incorporation of Riverhead then Your

Commissioner look at regional government for the area. In that case the Committee recommends a regional council made up of Harbour Grace South and Riverhead for a 3 year period after which a regional government system be initiated for the entire Harbour Grace area including Harbour Grace, Riverhead, Harbour Grace South and Bristols Hope.

TOWN OF HARBOUR GRACE

Mr. Paul Moriarty, the Mayor of Harbour Grace presented on behalf of The Town. Harbour Grace desires to incorporate, as part of its municipality, the area known as Riverhead. It was stated however that there was no mention of Riverhead having been considered in the original incorporation of Harbour Grace and Riverhead has gone on its separate way.

The reasons given in favour of the incorporation of Riverhead as part of the Town of Harbour Grace are set forth as follows:

1. There are too many municipal structures for the population served. To be viable a Town would need 4000 residents. Riverhead only has 350.

2. Should Riverhead be incorporated it would mean that in addition to the duplication of services already existing between Harbour Grace and Harbour Grace South another municipal structure on the Harbour at Harbour Grace will complicate and duplicate the effort.
3. The Town of Harbour Grace already provides Riverhead with municipal services on a fee basis including Fire Protection.
4. Children from Riverhead attend schools in Harbour Grace, Kindergarten to Grade 12.
5. There is little Business Tax base in Riverhead. The residents are dependent on Harbour Grace for employment.
6. The recreation facilities are located in Harbour Grace eg. stadium, curling club, tennis courts, softball and soccer fields and playgrounds. Recreation facilities will be enhanced with the 1992 Newfoundland and Labrador Summer Games awarded to Harbour Grace and Carbonear.
7. The social, economic and cultural fabric of both Riverhead and Harbour Grace are already intertwined. One municipal structure will further strengthen these ties. Examples given are:
 - (a) The Chairman of the Harbour Grace Regatta Committee is a resident of Riverhead.
 - (b) An Executive member of the Harbour Grace Board of Trade is a Businessman in Riverhead.
 - (c) Some of the children participating in the minor hockey program at Harbour Grace reside in Riverhead.
 - (d) The shops, drugstores and doctors servicing the area are located in Harbour Grace.

- (e) Water services would have to come from Harbour Grace, should Riverhead desire to obtain same. Harbour Grace has the capacity to accommodate 10,000 people and at present it is being used by only 3000 people.
8. Geographically one cannot tell where one community ends and the other begins. There is a natural physical linkage between Harbour Grace and Riverhead.
 9. The logic of creating larger municipal structures cannot be disputed. It is supported by planners, municipal administrators, governments and individuals.
 10. In Newfoundland there are a number of examples where a number of communities have joined to form one of the largest municipalities in Newfoundland and Labrador yet each community kept their own identity i.e. Conception Bay South, Marystown, Bay Roberts.
 11. Concerns of the residents of Riverhead that they will lose their identity and autonomy if it becomes part of Harbour Grace are unfounded. A ward system with proportional numerical representation would ensure that the Riverhead area would be represented on future councils in the Town of Harbour Grace.
 12. Riverhead cannot afford to provide needed services unless they intend to impose a staggering tax load on its residents or provide a low level of service. In order to expand the present well water supply in Riverhead it will be necessary that Harbour Grace supply it with piped water and sewage infrastructive. The cost is prohibitive to small communities.

Mr. Moriarty also presented the economic position as the Town of Harbour Grace sees it, if Riverhead were to be incorporated. He stated that residents of Harbour Grace pay less in taxes per year and derive more benefits than does Riverhead i.e. \$320.00 in Harbour Grace to \$410.00 in Riverhead. If Riverhead desired to expand on their present water supply the cost would be over \$3 million dollars, totally out of reach for a small community.

It is also stated that the operating costs of a new municipality would run considerably higher than presumed by the proponents of the incorporation of Riverhead. The financial backing of a 1.4 million dollar budget of Harbour Grace will allow the Town to estimate some of the proposed revenues for long term capital debt which would be incurred if piped water, full sewage services and road improvements are to be realized in the Riverhead area.

NEWFOUNDLAND AND LABRADOR FEDERATION OF MUNICIPALITIES

A brief was presented by Mr. Douglas Smith the Executive Director outlining the Federation's views on establishing new municipal incorporations in the Province of Newfoundland and Labrador.

The Federation believes that new incorporations should be the exception rather than the rule. The goal of the Federation is to support and encourage the development of strong, viable, autonomous municipal government.

It fears that the resources simply are not there and what Riverhead desires may be very different than what it will get.

Small municipalities tend, to have small tax bases, the business base is limited and population tends to be stable or slightly declining.

Smaller municipalities adjacent to larger ones are in an even more difficult situation i.e. the larger one gets the lion's share - the greater share of business and residential activity simply because it is the major centre. On that basis the Federation recommends against the incorporation of Riverhead or any similar settlement anywhere in the Province.

It is also suggested that smaller communities also have difficulty in attracting a full state of prospective councillors in an election because of factors such as local apathy and the incredible workload of a councillor.

Small municipalities have difficulties attracting and keeping well trained municipal administrators. A good council cannot function without a good administrator.

An inadequate council and administration leads to blundering of responsibilities and confusion within council's workplace. The council becomes reactive and loses the control it needs to operate successfully. Riverhead, if established, would face difficult and trying circumstances on its own.

The arguments of small communities for separate incorporation are: (a) protection of identity and (b) lower tax rates. Evidence indicates that small communities do not lose their identities. For example, Conception Bay South, wherein lies such communities as Topsail, Manuels, Chamberlains, Upper Gullies etc. People always say they live in these communities as opposed to saying they are from Conception Bay South. Likewise areas within the City of St. John's are still known by their community name.

With regard to lower taxes it was stated that "services are expensive". Larger municipalities have the advantage of economics of scale. The Federation is encouraging its members to investigate and engage in co-operative services wherever possible.

The Federation suggests that our provincial economy will not permit the government to increase funding to municipalities beyond present levels and this curtails government's ability to "bail out" municipalities in trouble.

It is felt that before Riverhead could begin to deliver services significant funds would have to be expended on administrative and operational infrastructure and as these would be ongoing it would take financial resources from service delivery, whereas if

Riverhead were to amalgamate with Harbour Grace most of the revenues generated would be devoted to service delivery as the Town's infrastructure is already in place and working.

HARBOUR GRACE INDUSTRIAL ADJUSTMENT SERVICES COMMITTEE

This brief was presented by Mr. Robert Nutbeem, Chairperson and stated clearly that it is opposed to the incorporation of Riverhead as a community council.

He further stated that the Committee needs only one planning and regulatory authority for it to achieve its task of increasing

employment opportunities in the Harbour Grace area. Riverhead, he states is "so naturally contiguous to Harbour Grace" and is already a part of the Harbour Grace management zone.

The residents of Riverhead would be best served as part of Harbour Grace which already have administrative resources in place. He indicates that a third municipality would mean regression as opposed to progression.

MR. THOMAS J. WALSH

Mr. Walsh stated that he did not understand why a problem exists in Riverhead finding funding for its municipality when the Province of Newfoundland can write a blank cheque for a project which isn't able, which you know about, and which the Minister resigned for today.

The revenue for the development of Riverhead would come from taxes. The people of Riverhead, if they want to advance, must have representation and to be represented by a council.

In Harbour Grace when it was established they were scared of taxes. He stated he received his tax bill and he is satisfied with it especially in light of prices of everything today.

He stated he does not know such talk about financing. Every person is reluctant to change and he thinks if we could get together, Harbour Grace, Carbonear, Southside we can develop the area to make everybody happy because if Riverhead doesn't become affiliated with Harbour Grace or some other community which is progressing we should encourage them to come into see what could be done to join up the two communities.

MR. JIM CUMING - RIVERHEAD

Mr. Cuming stated that he thought Riverhead could survive as well as any other community. He lived in North River and they started off twenty years ago with \$35.00 a year and up to the last five years it went to \$50.00 and as he said " We survived, we had a council, we paid our taxes, we had our garbage collectors, we had our lights on our poles". The only thing they did not have was water and sewer and that's exactly what Riverhead has and therefore why should Riverhead come in with Harbour Grace? He believes that small communities can survive.

EVALUATION OF ISSUES

The issues hereinafter evaluated by Your Commissioner pursuant to Regulation 9 of the Municipalities Feasibility Reports Regulations, 1980, Newfoundland Regulation 105/80 apply to the proposed municipal incorporation of the community of Riverhead and the proposed extension of the Town of Harbour Grace to include the community of Riverhead.

1. ACCESS OF THE PEOPLE TO ELECTED AND APPOINTED OFFICIALS

If incorporated, Riverhead would elect its own representatives and in Your Commissioner's view access to appointed officials would not be a concern in that the municipality, being a corporate entity has a stronger voice in the political sphere.

If Riverhead is taken in as part of Harbour Grace it is submitted that the Town of Harbour Grace has adequate councillors to service the present residents of Riverhead as growth and development will not be a large factor.

2. REPRESENTATION IN ACCORDANCE WITH POPULATION

Elected representation will be available should Riverhead be incorporated by election of their own Council. Elected representation will also be available should Riverhead become part of the Town of Harbour Grace. Although the present system of municipal government is adequate for the needs of both Harbour Grace and Riverhead it is Your Commissioner's opinion that for Riverhead to have a strong voice if it were part of Harbour Grace it would be essential that a ward system be put in place to ensure representation on Council. Otherwise there is no guarantee that Riverhead's needs would be properly placed before the Town, thus leading to municipal taxation without representation.

3. COMMUNITY IDENTITY

It is a fair statement to make that the residents of Riverhead have a strong sense of Community identity. Your Commissioner is of the opinion that regardless whether Riverhead is incorporated or whether it joins with Harbour Grace that community identity would not be

a concern. Further it has been shown elsewhere in the Province that community identity does not disintegrate because of inclusion of one or more communities within a larger municipality.

4. SUITABILITY AND NEED OF THE AREA FOR MUNICIPAL SERVICING

Riverhead is serviced by 5 community wells which appear adequate to meet the residents needs. No capital costs for water and sewer services are anticipated at this time by the residents of Riverhead. Should Riverhead desire water and sewer then access would have to be had through Harbour Grace and Riverhead would have to rely on the Provincial government for assistance. Harbour Grace has the present capacity to service the Riverhead area if the need arose.

It is Your Commissioner's opinion that if Riverhead desired water and sewer services they would be better served if they were a part of the Town of Harbour Grace where the infrastructure is already in place.

5. PHYSICAL CONSTRAINTS TO MUNICIPAL SERVICING

As outlined above upgraded municipal services for Riverhead would necessarily be piped from the Town of Harbour

Grace, a neighbouring town, with the necessary servicing system already in place.

6. ADMINISTRATIVE CAPABILITY OF THE MUNICIPALITY

The administrative structure as set forth in THE MUNICIPALITIES ACT, S.N. 1979, c. 33 for towns or communities is adequate for Riverhead. However, it would mean that Riverhead would have to set up a facility to operate its community. As was expressed by the Federation of Municipalities, Your Commissioner fears that the administrative capabilities of the community may suffer because of the community's limited resources and consequently the roles of Council and administration may be confused resulting in less than adequate municipal servicing.

In Harbour Grace the administrative facilities are already in place and it would not place a strain on the resources if the Town of Riverhead formed part thereof.

7. CO-ORDINATION OF MUNICIPAL SERVICES AND FUNCTIONS THROUGHOUT THE AREA CONCERNED

Co-ordination of municipal services will be better achieved through one municipality.

8. COST EFFICIENCY FOR THE SCALE OF SERVICES REQUIRED

Cost efficiency of the municipal administration should accrue with the economies of scale available in a larger municipality.

9. FEASIBILITY IN TERMS OF REVENUE AND EXPENDITURES

The position as put forth by Riverhead shows a surplus of \$600.00 in revenues over expenditures. Your Commissioner feels it is unrealistic for Riverhead to expect all of its anticipated revenues to be collected. A surplus of \$600.00 is insufficient to effectively handle any emergencies or needs that may arise.

Harbour Grace has a property tax base system which places it in a stronger financial position than Riverhead which has a poll tax system. Added revenue by the Town of Harbour Grace by inclusion of Riverhead should offset increased expenditures by the Town.

10. EQUITY

Based on submissions by Riverhead and Harbour Grace there appears to be no evidence that the residents of Riverhead as a whole cannot afford, with reasonable tax levels, to pay for basic services whether as a part of Harbour Grace or as an independent community.

If incorporated as a community Riverhead would, based on their projections, be unable to enter into any major capital works projects.

11. RESPONSE OF TAX YIELDS

Revenue sources in Riverhead are mostly domestic with limited business tax revenue.

12. EQUALITY AMONG ADJOINING MUNICIPALITIES

The proposed incorporation of Riverhead would not substantially change the strengths and/or weaknesses of adjoining municipalities.

The Town of Harbour Grace has a stronger tax base and presently provides more services including water and sewer. The annexation of Riverhead to it will not substantially change its strength or weaknesses but will result in cost efficiency to Riverhead because the infrastructure is already in place.

13. SIMPLICITY OF PROPOSED MUNICIPAL STRUCTURE

Riverhead would be governed by a town or community council and although it would be a more structured system the residents are committed to obtaining an independent status and this system will work if adequate dedicated people serve on the Council.

Annexing Riverhead to Harbour Grace would relieve Riverhead from the frustrations, confusion lack of expertise in planning and development and lack of revenues suffered by most small communities.

14. ACCEPTABILITY OF PROPOSALS AT LOCAL AND REGIONAL LEVELS

Riverhead outright rejects being part of the Town of Harbour Grace. It has been independent for two centuries and

would prefer to stay that way. Mr. Collins representing Riverhead did state that he agreed that there are too many municipalities in Newfoundland and not enough pooling of municipal resources and as an alternative Mr. Collins alluded to a form of regional government being instituted for the area. It is Your Commissioner's view that her mandate does not extend as far as to consider the regional government approach and therefor will only deal with the two proposals submitted for her consideration. The Federation of Municipalities made it clear in their presentation that they do not favour more small incorporations be it Riverhead or elsewhere in the Province. Although statements were made to Your Commissioner of the opinions at the Regional level no direct evidence was before Your Commissioner of any objection to either of the proposals at a regional level.

ALTERNATE APPROACHES

Your Commissioner considers the following to be the alternatives available to the Minister with respect to proposals (a) and (b) of the Joint Feasibility Study:

- (a) accept the proposal of the residents of Riverhead to establish a community Council.
- (b) accept the proposal of the Town of Harbour Grace to include Riverhead in its boundaries.
- (c) reject the above proposals and find an alternate approach that is feasible and worthy of consideration.

RECOMMENDATIONS

Your Commissioner feels that the residents of Riverhead have demonstrated to her that they are a committed people who recognize that municipal incorporation is essential to the orderly development of their community. Your Commissioner does not agree however that the best interests of Riverhead lie with the independent establishment of their own community council and that another form of municipal government would best serve

another from of municipal government would best serve Riverheads' needs. Your Commissioner is in favour of the community of Riverhead becoming part of the Town of Harbour Grace. Your Commissioner is however concerned with adequate representation for Riverhead on the Harbour Grace Municipal Council. As the make up of the Council of Harbour Grace presently stands Riverhead could be left with no representation on Council as it would be but a small portion of Harbour Grace. To prevent this from happening Your Commissioner suggests a ward system be instituted based on proportion of population. As 1989 is an election year this matter should be acted upon in the near future so that Riverhead will definitely be represented on the forthcoming Town Council.

In making the above recommendations Your Commissioner has considered, among others, the following factors:

- (a) the strong independent identity of the residents of Riverhead and the impact of same on them;
- (b) the issue of taxation without representation;
- (c) the strengthening of local government by incorporating Riverhead into the larger Town of Harbour Grace, through amalgamation and consolidation of communities and municipalities;

- (d) the dependence on the Town of Harbour Grace for social, economic and cultural activities;
- (e) the dependence on the Town of Harbour Grace for fire protection, future water and sewer services and other municipal services such as libraries and recreation facilities.
- (f) the availability of municipal services and administrative expertise available through Harbour Grace;
- (g) the cost efficiency;
- (h) the stronger tax base and incentives available to the Town of Harbour Grace that would not be available to Riverhead as a community.
- (i) the physical boundaries between Riverhead and Harbour Grace.

As a final comment on Your Commissioner's recommendations she is of the opinion that should the proposed Federal Penitentiary be built on the proposed site, which is not within the boundaries of Riverhead the existence thereof will be of minimal benefit to the residents thereof. If Riverhead is part of Harbour Grace then the residents of Riverhead will obviously benefit greatly as a part of the Town of Harbour Grace by virtue the increased revenues, jobs and expenditures made in the Town. This, without a doubt should be a major consideration of the residents of Riverhead.

It is also interesting to note that Riverhead is and has been known all through the years "Riverhead - Harbour Grace".

CONCLUSION

In conclusion Your Commissioner recommends that the boundaries of the Town of Harbour Grace be extended to include that area presently known as Riverhead, Harbour Grace as set forth in proposal "B" of this Joint Feasibility Study.

Recommendation is also made that a ward system of Municipal government be put in place to ensure that Riverhead is adequately represented on Council.

It is recommended further that the expansion of the Town of Harbour Grace to include Riverhead be implemented by June 1, 1989 to allow sufficient time for the Town of Harbour Grace to put a ward system in place prior to the 1989 municipal elections in November.

PART II - PROPOSAL "C"TOWN OF HARBOUR GRACE

The proposal of the Town is to include in its boundaries that portion of land south and east to the Harbour Grace Municipal Planning Area boundary and delineated on the map attached to this Report.

The main reason for desiring this portion of the Town's planning area is that it comprises the proposed site for a Federal Penitentiary.

Mr. Moriarty advised Your Commissioner that if this site is chosen it will need to provide it with services such as water and sewer, road maintenance, fire protection, garbage removal, street lighting and that Harbour Grace has a verbal agreement with the Federal Government to provide such services. He stated further that Harbour Grace is the only town which can provide these services and there is no conflict between municipalities to have the facility located in their Towns.

Although the Federal Penitentiary site covers 126 acres the proposal is for a larger municipal boundary extension to enable the Town to respond to future growth at the facility and as well to control development surrounding the area of the site.

The Town states that there will be no capital costs associated with the facility. The Town set forth the following as the agreement between the Town and the Government of Canada in regard to construction and provision of services:

1. Water and Sewer - capital costs are the responsibility of the Government of Canada maintenance is the responsibility of the Town.
2. Road maintenance and Snow clearing - The Government of Canada will construct two new access roads to the site. The Town will be responsible for maintenance and snow clearing of same.
3. Fire protection - To be provided by the existing services available by the Town of Harbour Grace Fire Brigade. No capital costs are required.
4. Garbage removal - The Town will provide normal garbage removal services.
5. Street Lighting - To be provided by the Town to the new facility. Operation costs will be the responsibility of the Town.

6. A grant in lieu of taxes based on the present property tax rate of 7 mills and the cost of the provision of institutional/commerical water and sewer services will be given by the Government of Canada to the Town of Harbour Grace. It is stipulated to be in the approximate amount of \$210,000.00 per annum.

The Town also feels that the inclusion of this area in the municipal boundary of Harbour Grace is a natural extension of the Town. Planning areas provide for future growth and development of a municipality.

Another factor is the magnitude of the facility and the need for municipal services. With Harbour Grace being the only municipality able to provide the needed services the proposal to extend its boundaries to include this area is a logical one.

The direct economic benefits to the Town will be increased revenues, delivery of a higher level of municipal services to the Town, enable stablization of tax rates and hopefully the attraction of private businesses.

HARBOUR GRACE INDUSTRIAL ADJUSTMENT SERVICES COMMITTEE

The presentation by Robert Nutbeem on behalf of the Committee is in favour of the proposed inclusion of the area set forth in proposal "C".

He states that municipalities are more than providers of services- they are the driving forces for the overall economic and "quality of life" well being of its citizens. To refuse proposal "C" would be to deny the Town of Harbour Grace its potential. He states as follows:

That a municipality should have a planning area over which it does not have legislative control borders on the ridiculous.

EVALUATION OF ISSUES

The issues hereinafter evaluated by Your commissioner, pursuant to Regulation 9 of the Municipalities Feasibility Reports Regulations, 1980, Newfoundland Regulation 015/80 apply to the proposed inclusion in the Town of Harbour Grace that area shown on the attached map as being south and east to the Harbour Grace municipal Planning area boundary;

1. ACCESS OF THE PEOPLE TO ELECTED AND APPOINTED OFFICIALS

As the only facility to be erected on the lands is the proposed penitentiary, there is adequate access to elected and appointed officials.

2. REPRESENTATION IN ACCORDANCE WITH POPULATION

Adequate elected representation is presently available.

3. COMMUNITY IDENTITY

Community identity is not a concern as the site is to be strictly used for institutional/commerical endeavours.

4. SUITABILITY AND NEED OF THE AREA FOR MUNICIPAL SERVICING

The area is suitable for municipal servicing by the Town of Harbour Grace which has the present capability of providing municipal servicing to the area. Harbour Grace stated that any capital costs will be paid for by the Government of Canada.

5. PHYSICAL CONSTRAINTS TO MUNICIPAL SERVICING

There is no evidence before Your Commissioner of physical constraints to servicing. In fact Harbour Grace is the only municipality which can service a facility of such magnitude.

6. ADMINISTRATIVE CAPABILITY OF THE MUNICIPALITY

The administrative structure as set forth in The Municipalities Act, S.N. 1979, c.33 for towns is in place in Harbour Grace and is adequate for the proposed extended area.

7. CO-ORDINATION OF MUNICIPAL SERVICES AND FUNCTIONS THROUGHOUT THE AREA CONCERNED

The co-ordination of municipal services should not differ from that already being provided by the Town of Harbour Grace.

8. COST EFFICIENCY FOR THE SCALE OF SERVICES REQUIRED

Cost efficiency of the Municipal administration should accrue with the economics of scale available in a large area.

9. FEASIBILITY IN TERMS OF REVENUE AND EXPENDITURES

The position as set forth by the Town of Harbour Grace shows a surplus over revenues and the potential is there for more revenues from increased private businesses.

10. EQUITY

With the expected grant in lieu of taxes and no capital works outlay there is no evidence that the residents of Harbour Grace as a whole cannot afford to pay for basic municipal services. The addition of the proposed facility in the proposed area should in fact, due to the increased revenues, stabilize the property tax base of the Town.

11. RESPONSE OF TAX YIELDS

Revenue sources should increase by the development of the facility, new businesses and residential expansion in the town.

12. EQUITY AMONG ADJOINING MUNICIPALITIES

The proposed inclusion of proposed area "C" will not substantially change the strengths and/or weaknesses of adjoining municipalities.

13. SIMPLICITY OF PROPOSED MUNICIPAL STRUCTURE

Governing the area in question would be no more complex than that presently being serviced by the Town of Harbour Grace.

14. ACCEPTABILITY OF PROPOSAL AT LOCAL AND REGIONAL LEVELS

There was no evidence before Your Commissioner objecting to the proposal at local or regional levels.

ALTERNATE APPROACHES

Your Commissioner considers the following to be the alternatives available to the Minister with respect to Proposal "C":

1. Accept the proposal to include the area as outlined in proposal "C" in the Municipal boundary of Harbour Grace.
2. Find another alternate approach that is feasible and worthy of consideration.

RECOMMENDATIONS

Your Commissioner notes that the area in question is being proposed for the reason that it is the proposed site for the new Federal Penitentiary. If in fact the Penitentiary is built on this proposed site Your Commissioner is aware of the potential and direct benefits for the Town of Harbour Grace, Harbour Grace being the only municipality in the area capability to provide the necessary municipal services.

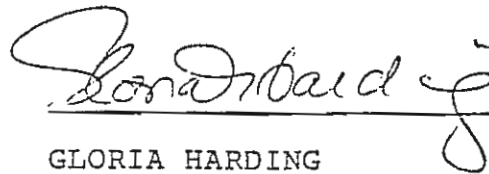
It would indeed be sensible to include the area in its municipal boundaries. Although the area proposed is larger than needed Your Commissioner does in fact agree that the Town must provide for expansion and the area proposed is acceptable to Your Commissioner.

It is also noted by your Commissioner that there were no objections against the proposal.

CONCLUSION

In conclusion Your Commissioner recommends that the Town of Harbour Grace include in its boundaries that area to the south and east extending into the Harbour Grace Municipal Planning Area in accordance with Proposal "C".

Respectfully submitted this 9th day of February, 1989.

A handwritten signature in cursive script, reading "Gloria Harding", is written over a horizontal line.

GLORIA HARDING
COMMISSIONER