

Nova Scotia Federation of Municipalities: COVID-19 challenges call for unique solutions

PRESENTED BY

Grant Thornton LLP (Canada)

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Meet your presenters



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Agenda

- 1 Introduction to Grant Thornton
- 2 Current challenges facing municipalities
- 3 Concerns specific to Nova Scotia
- 4 Case studies
- 5 Practical tips

A global experience



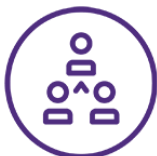
2,700+

Employees



80+

Offices



225

Partners

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Local insights – Atlantic Canada



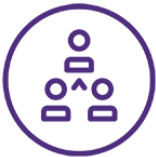
587

Employees



28

Offices



76

Partners/Principals



Current challenges facing municipalities

Our municipalities are strained



The need for vital services municipalities provide is amplified to the COVID-19 pandemic



Their revenue source has plummeted due to the lockdown (transit fees, parking fees, user fees, concerns regarding non-payment property taxes)



Product and efficient delivery of services have never been more crucial as government tries to “do more with less”

Municipal loss due to COVID-19

- 1 Halifax estimates a revenue loss of **\$44m** in 2020-21, with **\$85m** in budget cuts
- 2 Amherst, NS could lose between **\$200k** and **\$400k**
- 3 St. John's is forecasting a deficit of **\$18m** by year's end
- 4 Cape Breton Transit is losing **\$120k** per month just in parking fees
- 5 Village of Baddeck is considering dissolution because of the loss of tourism revenue

Typically, 80% of money collected by cities goes into their services, operations or maintenance – less than 20% into infrastructure projects.

The question municipalities are asking across Canada is the same...



With reduced revenue, how do I balance the books and still deliver on services?

Concerns specific to many Nova Scotian municipalities



Regional collaboration



Deferral of tax payments



Pandemic readiness
(2nd wave)



Rural broadband



Electronic municipal
elections

How are municipalities responding to these challenges?

Viability Study



Client challenges

Considering the on-going fiscal constraints facing the region, the Municipality needed to assess given its historic and current trajectory.

More specifically, what was the feasible level of taxation that can be applied to community members to generate enough funds for services?



Our solution

- Full current state review completed first to validate key issues and opportunities
- A future state based on evidence compiled from benchmarking and consultation
- Comprehensive recommendations accepted by the project steering committee comprised of the municipality and Province



Conclusion

- Provided innovative recommendations to support the ongoing viability of the municipality: strategic, operational and policy-related
- A detailed implementation plan with tangible actions and accountable parties

Program and service review



Client challenges

Prior to COVID-19, the organization needed to find cost efficiency areas to balance long term sustainability, given pressure to invest in infrastructure projects. In addition to numerous and sprawling services, the municipality was accountable to the local population who were dependent on many of the services.



Our solution

- Review strategic plan, organizational structure, and all 150+ programs and services
- Bucketed recommendations into various efficiencies



Conclusion

- COVID-19 highlighted the need for a **strategic plan** and **leveraging technology** in service delivery
- Change management and teamwork drive strategic execution and enable efficiency



Municipal dissolution / amalgamation



Client challenges

The municipality was facing financial challenges that were deemed insurmountable within the current government structure. The municipality made an application to the NSUARB to dissolve the town and transfer its operations and resources to a number of municipalities in the area.

Our solution

- Complete financial and social study to understand the impact of each alternative identified
- Gather financials from relevant municipal units, compile the data into a projection, and analyze the results
- Consult with community groups to understand their current relationship with the town and any concerns regarding the dissolution proposal

Conclusion

- Identified the impact on the residential and commercial tax rates
- Associated investment required to infrastructure
- Social impacts of dissolution / amalgamation

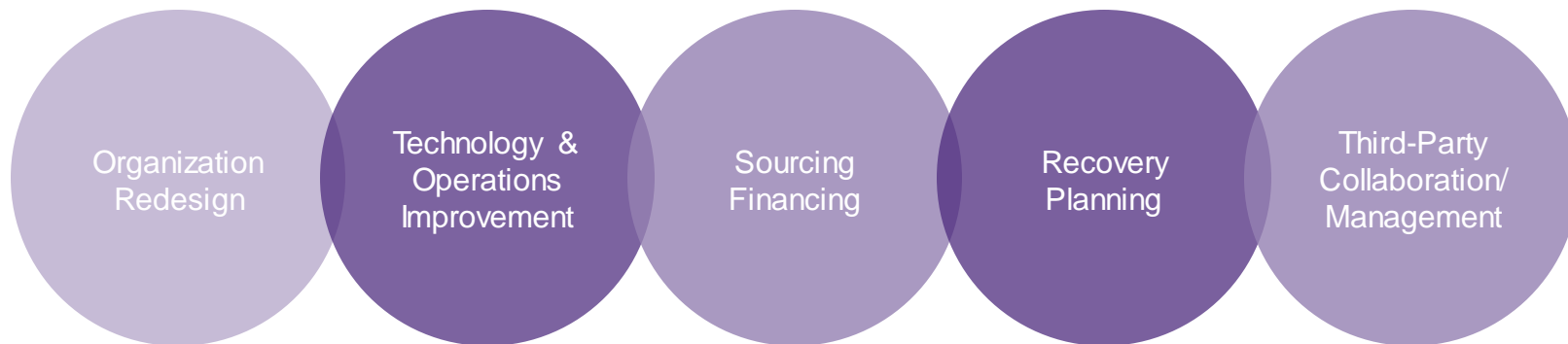
Building your response plan

“

How do you move from
survive to thrive?

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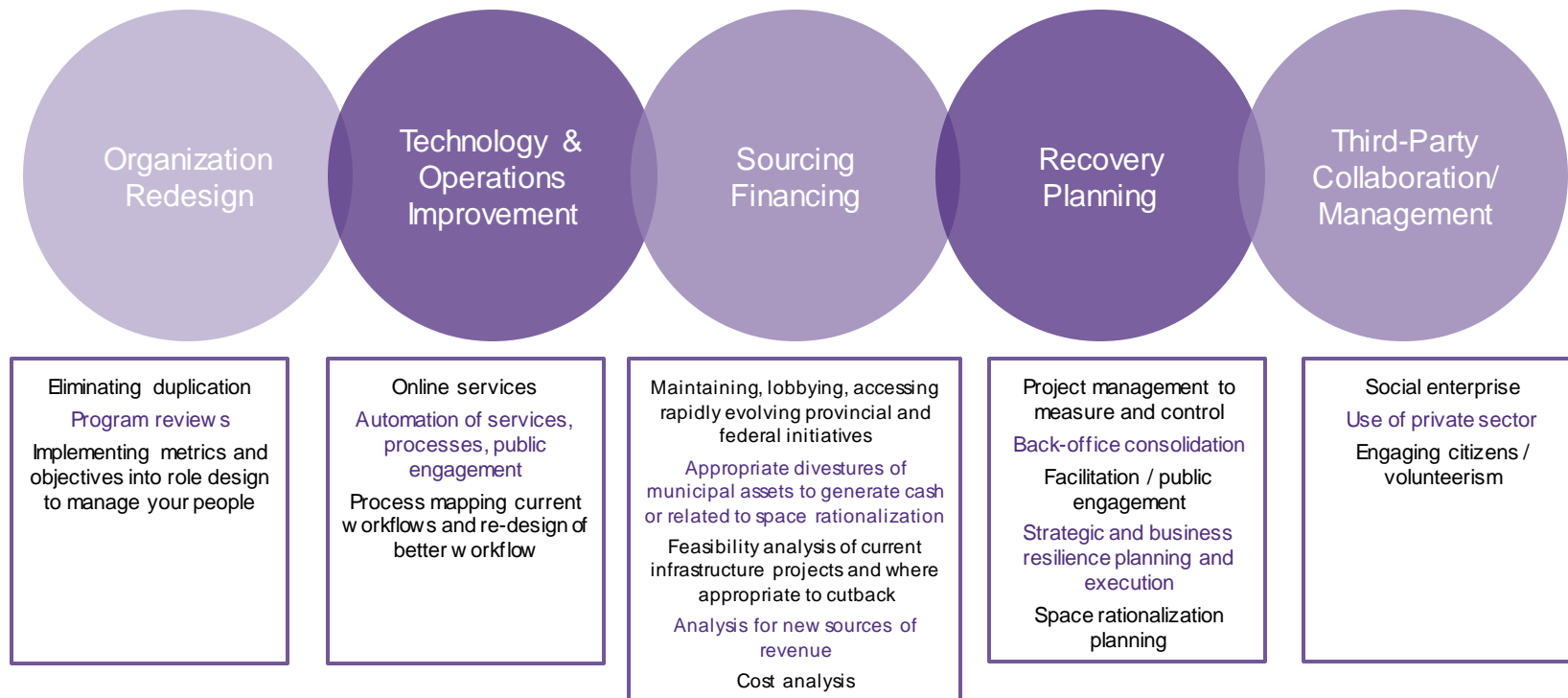
Solutions for your unique challenges



CHALLENGES

Decline in tax revenue/[in]ability to pay taxes - Asset management - Sustainability - Pandemic readiness - Decline in tourism
Cashflow management - Long-term planning - Regional collaboration - Revisiting/cutting budgets - Temporary borrowing

Solutions for your unique challenges



Practical tips

- 1 Organization redesign – right people in the right seats
- 2 Cost analysis
- 3 Management by Objectives (MBOs) & Key Performance Indicators (KPIs)
– how are you analyzing your success?
- 4 Appropriate use of technology

Questions?



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