

A Matter of Size:
An Investigation into How the Size of Municipality
Impacts what it Values in a Municipal Association

MPA Research Report

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Introduction

Municipal governments of different sizes, locations, and economic well-being join together in municipal associations to speak with a united voice. This voice speaks to other levels of governments while they form policy, legislation and regulations that affect municipalities. But, with a very heterogeneous membership, one wonders how a united voice can be formed. How can municipalities that exist in such vastly different realities find common challenges? This question remains unanswered. To explore a complete response to the query, a lengthy investigation and Ph.D. dissertation would be undertaken. This task is far beyond the scope of this report. Instead, this MRP peels away some of the layers of mystery of highly diverse collective interest groups, like municipal associations. If some municipalities' concerns are not represented, what motivates them to hold a membership in the organization?

The inspiration for this topic came from the City of Toronto's exit from AMO in 2005. According to AMO's statement on the withdrawal, Toronto's Mayor stated that AMO could no longer represent their city as well as they could represent themselves.¹ The City of Toronto's size and political clout was no longer served by the association. This move by the City of Toronto inspires an investigation of the impact of size on how a municipality interacts with AMO. Should the association be concerned about the potential the exit of other large cities who believe they can advocate more effectively on their own behalf?

This Major Research Project is an investigation into how municipalities of different sizes value the Association of Municipalities of Ontario. The data and conclusions presented in this paper are based on a series of qualitative interviews with elected officials and city staff in two municipalities that hold membership in the association.

¹ AMO. "AMO Regrets Toronto's Withdrawal from the Association." February 2, 2005.
<https://www.amo.on.ca/AMO-Content/News-Releases/2005/AMO-Regrets-Toronto's-Withdrawal-from-the-Associat.aspx>

The report is organized into five sections: theory, research question, methodology, findings and conclusions. The chapters on Theory and the Research Question frame the question about the behaviour of municipalities in AMO. The Methodology section will explain the qualitative research methods and design. Findings will summarize the information gathered in the interviews, which will lead to conclusions and an answer to the research question.

Theory

This section will create a theoretical framework for the study of municipalities as members of municipal associations. First, we will summarize the work of academics who have commented on how members behave in collective interest organizations. Mancur Olson and Terry Moe provide a theoretical framework will help the reader understand how individuals interact with interest groups. Their work will be applied in our investigation of how organizations, in this case, municipal governments, form and behave in groups.

Institutional collective action groups are made up of organizations like firms or governments. There is limited literature on groups of groups, especially groups of governments. Because of this void, we will apply other academic work on the nature of interest groups. We must understand the theory that underpins collective interest groups of individuals. Scholars Mancur Olson and Terry Moe provide a strong foundation to build our analysis in this area of scholarship.

Mancur Olson's work, *The Logic of Collective Action: Public Goods and the Theory of Groups*, is our first guide to the nature of collective interest groups. As an economist, Olson presents an analysis of interest groups through the lens of logic and rational choice. Olson argues that it is illogical for individuals to join into groups that pursue a common interest, this is because individuals will always act in their own self-interest, an interest that does not align with communal goals.² Olson argues that it is also irrational for an individual to join an interest group because regardless how much the individual supports the lobbying efforts of the organization, they will enjoy the benefits of a successful lobbying campaign.³ In their own interests, they should not exert any effort or time into the organization, because they will reap benefits regardless of their contributions. It is not rational for an individual to spend their resources on something they can enjoy, when they can enjoy it without spending time or resources. Because the

² Mancur, Olson, *The Logic of Collective Action: Public Goods and the Theory of Groups*. (Cambridge: Harvard University Press, 1971), 2.

³ Ibid., 12

results of a successful public policy advocacy campaign are an improvement to the common good, no one, no matter their efforts, is excluded from enjoying the results.

Olson believes it is important to engage the membership within a group to fulfill its mandate. He claims that because individuals are rational and self-interested, they are drawn to the group by what Olson calls “selective incentives.” These services, discounts and products are available at a lower price than in the marketplace. “Selective incentives” allow a member to satisfy their self-interest of reducing their costs. According to Olson, these incentives will provoke an individual to act in a “group oriented way.”⁴ Olson claims an organization’s leadership needs to provide incentives such as discounts on insurance and other goods to attract and engage members and engage in the organization. Incentives will create cohesion within the group.⁵ For the leadership of the group, this will help the organization gain credibility, supporting their efforts to change public policy on behalf of their sector or cause.

Terry Moe presents his analysis of collective interest groups from a political science background. His work complements and criticizes Olson’s economic perspective. His book comments directly on Olson’s arguments. Moe claims that interest groups are key to a strong foundation of pluralism in a democratic society. These groups enable more citizens with diverse perspectives to participate in the decision making process of government. He claims that interest groups must be recognized as important partners to government for the “formulation and administration of public policy”.⁶ These groups can engage citizens in the political process. Moe claims that traditional interest groups help integrate individuals into the political system, because they translate individual concerns into community interests and policy action. This contrasts Olson’s argument that individual goals and collective interests do not align. For Moe, interest groups can also communicate information from policy makers to citizens, and

⁴ Olson, *Logic of Collective Action*, 51.

⁵ Ibid., Terry Moe. *The Organization of Interests: Incentives and the Internal Dynamics of Political Interest Groups*. (Chicago: University of Chicago. 1980), 28.

⁶ Moe, *The Organization of Interests*, 1

play an important role as a source of knowledge for policy makers on specialized topics.⁷ Moe is a proponent of interest groups and the value they add to democracy.

Moe argues that individuals join an interest group because they support the group's goals.⁸ These goals could be the increased awareness of an issue or group of marginalized people, and the inclusion of marginalized voices in public policy. Moe claims that individuals have the interest of the community in mind when they join an interest group. He uses public parks as an example: the park is available to all who want to use it, not just those whose taxes paid to create it. Moe defines a collective good as supplied by one, and enjoyed by all.⁹

Moe critiques Olson's economic perspective of collective interest groups. He counters Olson's assertion that individuals are solely rational creatures. Moe asserts that individuals do not make decisions in a vacuum, as Olson suggests. An individual's values strongly influence the decisions they make to join a group, rather than primarily the impact on their self-interest.¹⁰ He believes an individual's motivation can be based on their own self-interest, as Olson proposes, and also based on their personal and political perceptions, values and goals.¹¹

Both Moe and Olson consider an individual's motivation of collectively pursuing group goals and access to "selective incentives" when joining a collective interest group. Both scholars also consider how the economic size of the member affects their motivations.¹² Olson, a proponent of economic rationalism, does not believe individuals are incentivized by the group goals, because they do not fulfill an individual's self-interest. Olson does not believe these interests do not align. Rather, he proposes that small members join an organization by specialized services, resources and access to information. For Olson, these are selective incentives. These can take the form of pension plans, information publications

⁷ Ibid.

⁸ Ibid., 22.

⁹ Ibid., 22.

¹⁰ Ibid., 14.

¹¹ Ibid., 8.

¹² Moe, *The Organization of Interests*, 34.

and group insurance programs.¹³ Olson argues that small members are drawn by selective incentives if the services provide a net benefit for the member, where they can access a specific resource or service at a lower price as a member of the organization, than if they obtain the service outside of the organization.¹⁴ Olson argues that, rationally, small members are not incentivized by group goals because these members can benefit from the results without contributing to the group's effort to achieve such goals.¹⁵ The example of public parks comes to mind again. Those who do not pay taxes are not barred from public parks.

Moe, conversely, recognizes how group goals as well as selective incentives are motivating factors for a member to join an organization. He claims the size of the member does not indicate how they are motivated to join. Moe suggests that both elements are attractive to members of any size and financial ability.¹⁶

Moe claims that the various motivating factors for a member to join a collective interest group are beneficial to the organization. He believes that individuals who are prepared to pay additionally for selective incentives not only cover the costs of supplying these services, but their use of these services produce a profit for an organization. Any profits fund the pursuit of group goals, advocacy and lobbying.¹⁷ It is essential for an organization to attract members through various means if they want successfully achieve their group goals, goals that require money to pursue. This combination of services and advocacy is key to the success of collective interest groups.

Olson presents an economic account of the factors that contribute to an individual becoming a members of a collective interest organization. He argues that individuals will join only to take advantage of services that are less expensive when bought through the association. Olson is adamant that a group

¹³ Olson, *Logic of Collective Action*, 28-29

¹⁴ *Ibid.*, 34

¹⁵ *Ibid.*, 28

¹⁶ *Ibid.*, 34

¹⁷ *Ibid.*, 29

combine multiple individual interests into a common goal, and should not claim to do so. Moe, alternatively, claims that individuals become involved in collective interest organizations to meet their political needs and advance a cause or issue for their own good and the good of the community. He claims that individuals are led to join an organization to further the group's goals, and to obtain the selective incentives and therefore satisfy their own self-interests. Moe suggests the economic size of the member does not determine how they are incentivized.¹⁸ The research and conclusions of Moe and Olson guides our understanding of what members of different sizes value in a collective interest group, in the municipal context. Their conclusions about the motivation of members of various sizes to join an organization are valuable in this research.

There is a clear distinction between the work of Olson and Moe and the focus of this research. These scholars focused their work on individuals as members of collective interest organizations. In this report, we will attempt to apply their work to understand which functions of the association are valued by municipalities of different sizes.

Anne Marie Cammisa, an American political scientist, writes about state and local governments and their associations. Cammisa comments on the nature of groups of groups, a topic applicable to this research. She cites Robert Sainsbury's "entrepreneur" theory of the factors that motivate governments to join associations. These factors are: the "material benefits" that the individual gains through services and products, the "solidary benefits" of that members gain by interacting with other like-minded individuals, and the "purposive benefits" a member can enjoy by having the opportunity to pursue a particular aim.¹⁹ Cammisa explains the motivating factors for a local or state government to join an association, but she does not speculate if these factors change depending on the size of the government.

¹⁸ Ibid., 34

¹⁹ Anne Marie Cammisa, *Governments as Interest Groups: Intergovernmental Lobbying and the Federal System*, (Westport, CT: Praeger, 1995), 26, 27

To understand how size impacts behaviour in an interest group, we can consult the literature on trade associations. Trade associations are similar to municipal associations in that both groups are composed of organizations, rather than individuals. This similarity creates a strong basis of comparison between the two types of associations. In her article about trade associations, Vatta argues that small and large firms behave differently in groups. She claims that “large firms and small or medium-sized enterprises do not have the same resources or interests. Small firms often operate on tight financial margins.”²⁰ She implies that large firms have the financial resources that allow them to explore more policy-based initiatives. Vatta concludes that the membership of small firms is directly connected to the services offered by the organization, and that these are the functions they most value. Their membership is also related to the functions the organizations performs on behalf of their members: the group goals and advocacy agenda.²¹ Vatta’s work focuses on the behaviour of small and medium sized members, but she comments on how these behaviours differ from those of large members. She says, “large firms may seek voting power in their sectoral associations in proportion to their size” because they want more power within the group.²² This vast difference in interests between small and large firms leads an organization to be highly polarized.²³ To Vatta, the size of the firms within a trade association have an impact on the dynamics within the group.

What are the differences between organizations of people, and organizations of organizations? Would selective incentives and group goals attract organizations to join? Group goals and selective incentives entice an individual to join an interest group, and might depend on the size of the member, as Olson suggests. Are these same factors more attractive to an organization, depending on the organization’s characteristics, like size? If we understand municipalities as firms, the parallels between

²⁰Alessia Vatta, “Employers’ Organizations and Concertation: Internal Dynamics and Institutional Influence,” *European Journal of Industrial Relations* 5 (1999), 247.

²¹ *Ibid.*, 259

²² *Ibid.*, 247.

²³ *Ibid.*

industrial organization literature and the study of municipal associations are apparent. Could municipalities of different sizes behave in a municipal association in similar ways?

Research Question

After we examined the ideas put forth by Olson, Moe, Cammisa, and Vatta, we are led to ask the question: does the size of a municipality determine what it will value in a municipal association?

In this report, size will be determined by population. Moe and Olson framed size in terms of economics and financial abilities. The amount of money an individual had determined how large or small they are. The most common way of to determine the size of a place is through measuring population. From the Canadian census data of 2011, we will organize municipalities by population. This measurement relates to Moe and Olson's economic measurements: the population of a municipality impacts how much revenue the government collects in taxes, and how much money they spend on services, programs and other policies. Municipalities with small populations have smaller budgets than municipalities with large populations.

The previous chapter of this report laid the groundwork by exploring theories of why individuals join a collective interest organization. From that point, we applied the theories to understand if similar themes arise when we see organizations form organizations with each other. We place this theme in the context of municipal government when we consider how municipalities join to form municipal associations. Do municipalities of different sizes behave in municipal associations in different ways? Are there functions that the association performs that are more valuable to municipalities of a certain size? Why?

We will consider municipalities in the province of Ontario and their interactions with the Association of Municipalities of Ontario. This question is answered through qualitative data gathered from two municipalities in Ontario.

David Siegel's chapter in *Foundations of Governance* explains the nature of municipal government in Ontario. His chapter outlines the challenges they face with delivering services on limited budgets, creating by-laws and regulations to manage growth and immigration in large cities. Then, the

chapter introduces the Association of Municipalities of Ontario (AMO), its mandate, function and structure.

Municipal government structures vary among the Canadian provinces. Through the *Constitution Acts of 1867 and 1982*, Sections 92 (8) and (16), provincial governments have jurisdiction over municipal affairs. Provincial government legislation regulates which services municipalities deliver. The provincial government supplies funding for some programs and services that municipalities deliver. The *Municipal Act* describes municipal responsibilities in Ontario. Each province in Canada has a different piece of legislation to regulate municipal governments. The structure of municipal affairs in each province differ from each other.²⁴ Municipalities in Ontario operate with limited autonomy. There is considerable provincial control and oversight of municipal decision making in Ontario through the Ontario Municipal Board.²⁵

Andrew Sancton outlines the various structures of municipal government across Canada, but concludes a consistent theme spans jurisdictions: provincial governments hold the power for long term strategic planning for infrastructure, including funding and planning of expressways, rail transit, and environmental infrastructure planning.²⁶ Provincial governments maintain considerable power over municipalities in Canada. Municipalities are stakeholders in provincial policy. Despite their limited legal and decision making power in Ontario, municipal governments join together to attempt to have their interests reflected in regulations that affect them. They speak through the united voice of AMO.

²⁴ David Siegel, "Ontario," in *Foundations of Governance: Municipal Government in Canada's Provinces*, ed. Andrew Sancton and Robert Young, (Toronto, ON: University of Toronto Press, 2009), 7.

²⁵ The Ontario Municipal Board is a provincial quasi-judicial tribunal that rules on land use planning appeals of local council planning decisions. Often, decisions made by the board overturn the decisions of the local council, reminding local municipalities of the large amounts of power that rests with the provincial government and the OMB.(Siegel, *Ontario*, 12)

²⁶ Andrew Sancton, "Introduction," in *Foundations of Governance: Municipal Government in Canada's Provinces*, ed. Andrew Sancton and Robert Young, (Toronto, ON: University of Toronto Press, 2009), 13.

Siegel, a political scientist at Brock University, argues that Ontario exists within two solitudes: the Ontario of Toronto and other large cities, and the Ontario of small towns and rural areas.^{27 28} Although his work helps explain the dynamics between municipalities in the province, the separation he describes between communities in Ontario is not a reflection of reality. Decisions in one jurisdiction impact other jurisdictions on a regular basis.

Small and large municipalities are connected to each other in many ways. Large city-regions pull businesses and residents away from small communities to larger markets, with greater opportunities for employment. Large municipalities expand their physical boundaries and jurisdiction through the annexation of rural land and small communities. Siegel's term "solitudes" does not adequately describe the interconnected challenges and dynamics that exist between communities in Ontario.

Municipalities in Ontario are inextricably linked by administrative and political connections. Municipalities of various sizes and locations share inter-municipal agreements and mutual aid contracts that assist them to deliver effective services.²⁹ Some municipalities argue they need updated provincial legislation to allow them to deliver the services and build infrastructure that their residents need, therefore create a livable community and high quality of life for residents. In order for municipalities to better serve their residents, changes must be made to provincial legislation, including increased funding and authority.

²⁷ Siegel, "Ontario," 22, 23.

²⁸ Siegel explains his two solitudes of municipal communities in Ontario. The first solitude of Ontario is composed of growing communities, centres of economic prosperity and immigration. These economies have an emphasis on financial and service industries, fuelled by an influx of new Canadians. Toronto is joined by Mississauga, Ottawa, Kitchener/Waterloo, and Hamilton in the first solitude of Ontario.

The second category of Ontario is that of small towns and rural areas facing slow growth or a decline in population. Local economies are based on farming and small business. These areas suffer from the development of highways that make it easier for people to leave small communities and go to the big cities to shop and spend their money. Communities within this solitude are faced with the challenge of retaining existing population, and providing services to attract immigrants, maintain quality services and a high quality of life.

Siegel suggests a third category of municipality of Ontario that describes the communities in the second solitude that face geographic and climate based challenges. These communities were once centres of resource extraction. Now, they struggle to attract new industries to replace the businesses that have left. Communities in northern Ontario that fall into this category are losing population more rapidly than their southern counterparts. Sudbury, Timmins and Thunder Bay fit into this third category of Ontario municipality.

²⁹ Zachary Spicer, "The Ties that Bind?: Exploring the Dynamics of Intermunicipal Agreement Formation between Separated Cities and Counties," *Canadian Public Policy* 40 (2014), 246.

Municipalities band together in associations to unify their message and to communicate their interests to provincial policy makers. The most prominent lobby organization for municipalities is the Association of Municipalities of Ontario.

The Association of Municipalities of Ontario (AMO) brings together elected officials and administrators from municipalities across the province to discuss the issues facing local governments. The Association draws from these discussions and attempts to influence provincial policy. According to its mission statement, AMO aims “to support and enhance strong and effective municipal government in Ontario. It promotes the value of the municipal level of government as a vital and essential component of Ontario and Canada’s political system.”³⁰ AMO is composed of 444 municipalities, including villages, towns, single-tier, upper and lower tier municipalities, and regional governments.³¹ The City of Toronto is not a member of AMO.³²

The Association signed a Memorandum of Understanding with the Province of Ontario in 2004, which requires the provincial government to meet with representatives of AMO before decisions that affect municipalities are made.³³ AMO also has the authority to administer the Federal Gas Tax Fund. AMO distributes millions of dollars in infrastructure funding to municipalities on a bi-annual basis.³⁴ AMO also acts as a link from the provincial government to municipalities. It disseminates information on legislation and provincial programs to local administrators and elected officials, through regular media releases, conferences and meetings of the association.

The AMO board of directors is composed of the executive committee and AMO caucus directors. The executive committee includes the President, Secretary-Treasurer, Past President and Past Secretary-

³⁰ AMO. *About* <http://www.amo.on.ca/About.aspx>. 2013

³¹ AMO. *Homepage* <http://www.amo.on.ca> 2013

³² AMO. *AMO Regrets Toronto’s Withdrawal from the Association*. February 2, 2005

³³ AMO. “Memorandum of Understanding between the Association of Municipalities of Ontario and the Province of Ontario” August 20, 2013. <http://www.amo.on.ca/AMO-PDFs/About/MOU/Ontario-AMO-Memorandum-of-Understanding-2013.aspx>

³⁴ “Administrative Agreement on the Federal Gas Tax Fund” April 2014. http://www.amo.on.ca/AMO-PDFs/Gas_Tax/Agreements_and_Allocations_GTF/GTF-Administrative-Agreement-Ontario-2014-02-14.aspx

Treasurer, and seven caucus chairs.³⁵ The caucus directors are 43 members of AMO's six caucuses. Each caucus focuses on a different type of municipality: County, Regional and Single Tier, Rural, Small Urban, Large Urban, and Northern.³⁶ Caucus members are appointed to the caucus and board from their municipality's membership in AMO's "groups". These groups are: the Eastern Ontario Wardens' Caucus, the Western Ontario Wardens' Caucus, the Large Urban Mayors' Caucus, Mayors and Regional Chairs of Ontario, association française des municipalités de l'Ontario, the Rural Ontario Municipal Association, the Northwestern Ontario Municipal Association, the Federation of Northern Ontario Municipalities, and the Ontario Small Urban Municipalities.³⁷ AMO's membership is composed of municipalities, individuals and private organizations. "Associate Supporter" and "Member Director" memberships are held by individuals who wish to be affiliated with the association.³⁸ This research focuses solely on the dynamics of municipal members.

AMO attempts to influence provincial policy in various ways. The organization has a strong connection to the provincial government through the Memorandum of Understanding. Through the MOU, the leaders of AMO, the President, board members and executive director are involved in the policy making process of the provincial government on an ongoing basis. The position of AMO on issues is determined by the executive and board members of AMO. The executive members gather information from their membership, by way of caucuses and groups to create a clear position, which they communicate with provincial decision makers through publications and in-person meetings.³⁹

³⁵ AMO. *By-law 2*. Section 3.5. *August 21, 2012* http://www.amo.on.ca/AMO-PDFs/About/By_Law/AMOBylawNo2.aspx

³⁶ *Ibid.*, Section 3.2 *August 21, 2012*.

³⁷ AMO. *AMO Board and Executive Committee Structure*. <http://www.amo.on.ca/AMO-PDFs/Board/AMO-Board-Structure-2014-04-22.aspx>

³⁸ AMO. *By-Law 2*. Section 7. *August 21, 2012*

³⁹ AMO. *Annual Report 2013*. 7. <http://www.amo.on.ca/AMO-PDFs/About/Annual-Report/2013-Annual-Report.aspx>

AMO engages on a wide variety of topics with the provincial government. The Association develops positions on issues such as economic development, housing, labour, and waste management.⁴⁰ For example, in July 2015, AMO released a “Response to the Provincial Consultation on the Renewal of the Long-Term Affordable Housing Strategy”. This document, entitled “Strengthening the Foundation for Housing in Ontario”, includes information about affordable housing from AMO members. The document also recommends 27 action items for the provincial government. These range from policy changes to improvements in procedures, collaboration and information gathering.⁴¹ AMO releases similar documents on other topics to represent municipal interests. The association also releases a “pre-budget submission” ahead of the provincial budget release. This submission lays out areas AMO believes require provincial spending and attention.⁴²

The organization gains policy insight from their regional caucuses. The members of AMO can participate in the County Caucus, Large Urban, Small Urban, Regional and Single Tier Caucus, Rural or Northern municipality caucuses.⁴³ AMO also draws upon its taskforces for policy direction and discussion. Taskforces to discuss various policy issues that face AMO members, including issues of economic development, energy policy, and planning.⁴⁴ These taskforces are composed of elected officials and city staff from member municipalities.⁴⁵

The AMO Annual Conference and AGM is where the members of AMO gather to discuss municipal issues in Ontario. The conference is held every August in Ottawa, Niagara Falls or London.⁴⁶ Attendees hear sessions on a variety of issues, such as asset management, infrastructure funding, and

⁴⁰ AMO. *Advocacy*. <http://www.amo.on.ca/Advocacy.aspx>

⁴¹ AMO. “Strengthening the Foundation for Housing in Ontario: Response to the Provincial Consultation on the Renewal of the Long-Term Affordable Housing” July 6, 2015. Strategy <http://www.amo.on.ca/AMO-PDFs/Reports/2015/Strengthening-the-Foundation-for-Housing-in-Ontari.aspx>

⁴² AMO. “2015 Pre-Budget Submission.” January 22, 2015. <http://www.amo.on.ca/AMO-PDFs/Reports/2015/2015-Pre-Budget-Submission-2015-01-22.aspx>

⁴³ AMO. *Annual Report 2013*.

⁴⁴ AMO. *Annual Report 2013*. 10-20

⁴⁵ *Ibid.*, 10

⁴⁶ AMO. *AMO AGM & Annual Conference 2015*. <http://www.amo.on.ca/AMO-Content/Events/AMO-Conference-2015.aspx>

integrity in government. Leaders of provincial government parties, including the Premier, speak at the conference. Provincial representatives speak on behalf of their party to promote their position on various municipal issues, and outline how their party intends to help municipalities. The president of the board of AMO speaks about the progress made by the association in the past year, and what AMO plans for in the coming year.⁴⁷ The AMO conference is an opportunity for the association to show its members how it has affected policy change and successfully fulfilled its mandate.

Through the annual conference, the association provides an avenue for its members to advocate for their own interests. The AMO conference includes a series of delegation sessions. During these sessions mayors and heads of council meet with provincial ministers and MPPs for one on one meetings of fifteen minutes. Delegations sessions are an opportunity for mayors to bring attention to local issues, and ask for assistance to overcome obstacles. Mayors may ask for funding and financial support for projects in their municipality, like transit and infrastructure.

The “bear-pit” sessions are a regular feature of the AMO conference. During these sessions, members of AMO can ask questions to provincial representatives, ministers and the premier in an open setting. The nature of the questions asked during the “bear-pit” give provincial representatives a sense of the broader concerns of municipalities in Ontario. The session can act as a litmus test of municipal satisfaction with the provincial government.

AMO also offers a number of services to its member. These services are tangible and direct benefits members can access through the association. AMO describes some of its services as Membership Outreach and Involvement.⁴⁸ These services include communications such as board meetings’ summaries, reports on policy development through task forces, the AMO WatchFile newsletter, AMO Breaking News, and AMO Updates from the President and Executive Director.

⁴⁷ AMO. *AMO AGM & Annual Conference 2015*.

⁴⁸ AMO. Board and Executive Committee Structure, <http://www.amo.on.ca/AMO-PDFs/Board/AMO-Board-Structure-2014-04-22.aspx>

In addition to the annual conference sessions, AMO offers workshops on select topics of municipal interest throughout the year. These topics cover issues such as recycling or waste management, and training sessions for newly elected councillors. AMO also provides online resources about municipal government for the general public, as well as “webinars” for citizens interested in becoming involved with their local council.⁴⁹

Other AMO services reduce costs for municipalities. The Local Authority Service (LAS), a subsidiary of AMO, provides discounts on services and products. The LAS organizes services into four categories: commodity programs, energy services, investments, and administrative services.⁵⁰ These services include home and auto insurance, natural gas procurement, risk management, sewer and water line warranties. A full list of LAS services is found in Appendix 1.0.⁵¹

Members also have access to information through AMO. The Ontario Municipal Knowledge Network (OMKN) gathers and organizes research on best practices, technology and governance. A membership in AMO also grants access to the Municipal Information Data and Analysis System (MIDAS). MIDAS provides municipalities with web access to province-wide Financial Information Return and Municipal Performance Measure Program data and reports on best practices. All of these services are valuable for municipalities that do not otherwise have the capacity to gather this information.⁵²

For Olson and Moe, AMO’s services are selective incentives. These resources are available to members of the association that do not have access to information, services or resources independently. By utilizing the services of AMO, a municipality saves money and gains valuable information that helps them deliver services and create better policy. These are ways in which AMO helps municipalities serve their self-interest.

⁴⁹ AMO. *Events and Training*. <http://www.amo.on.ca/EventsTraining.aspx>

⁵⁰ LAS. *What is LAS?* 2013. <http://www.las.on.ca/About/What-is-LAS.aspx>

⁵¹ LAS. *Home*. <http://www.las.on.ca>

⁵² AMO. *MIDAS*. <http://www.amo.on.ca/AMO-Content/MIDAS/MIDAS-Information.aspx>

Membership retention is not a non-issue for the association. In 2005, the City of Toronto exited the organization after the City decided it could pursue advocacy more effectively through independent means. The exit followed the signing of the City of Toronto Act, which established a unique legal relationship between the Province and the City, and outlined expanded powers for the City. Toronto faces different challenges due to their size and structure, and decision makers at the time did not feel these challenges were reflected in the position of AMO.⁵³ The City of Toronto's exit demonstrates the challenges that a diverse membership poses to AMO, and the consequences of failing to manage this diversity. This situation leads one to be curious about the different ways that municipalities value AMO depending on their size.

After understanding the structure and purpose of AMO, including the advocacy efforts and the services the association provides, we can consider if municipalities of different sizes value different parts of the association. According to Siegel's description of small municipalities in Ontario, these communities face different issues than larger municipalities. They must retain small businesses and families, by providing quality public services and creating a high quality of life for local residents. Large municipalities, conversely, create policy to manage their economic growth and an influx of immigrants. Taking into account the differences in needs and interests between large and small municipalities, how do municipalities of different sizes use AMO? Can we make connections between Siegel's categories of small and rural municipalities and large city-regions and the aspects of AMO that they value?

This research investigates how municipalities of different sizes value the functions of their municipal association differently. Moe and Olson suggest that individuals, in our context, organizations called municipalities, are incentivized to join a collective interest group because they wish to attain the group's goals, or use selective incentives. Is it possible that a large municipality values the group goals of

⁵³ AMO. "AMO Regrets Toronto's Withdrawal from the Association." February 2, 2015. <https://www.amo.on.ca/AMO-Content/News-Releases/2005/AMO-Regrets-Toronto's-Withdrawal-from-the-Associat.aspx>

AMO because it does not face financial limitations in the same way that a small municipality does, and it can use its size to steer the message of the association and use it to their advantage? If this is true, a large municipality would not highly value or use the selective incentives provided by the municipal association because it can afford to provide such services for itself, and instead take advantage of natural discounts due to local economies of scale.

Conversely, a small municipality might be more likely to value the selective incentives of the association's discounts on fuel, training and workshops, and access to information resources over advocacy. Small municipalities could value these selective incentives because they would be likely to pay a much higher price if they had to obtain them at market value. Olson proposed that selective incentives are the primary reason why a small member joins an interest group. Vatta argued small firms are financially limited and seek cost savings. Potentially, a small municipality would not value the group's goals as highly because the efforts of the organization do not reflect the needs and interests of its community, because the message is dominated by large municipalities, or firms as Vatta suggests. If municipalities are incentivized by different services and activities, it is clear that municipal associations should provide all of these things to keep their membership base strong. If the primary goal of a municipal association is to evoke policy change, the largest membership base gives them the most credibility and support. The provincial government will see them as a trusted and representative source of information.

It is in the best interest of the associations to understand how their members use different aspects and functions of their organization to strengthen the group over time. Associations can benefit from profits from selling their services. The fees they collect from members for conference fees and the price of symposiums and workshops can fund their advocacy efforts. An association should be aware of the demand for their services, because they may be in a position to increase prices and draw more profit to fund their advocacy efforts. But, the association must be careful not to overcharge for their services, as

they will drive away small municipalities that use their association for the attractive price of services.

Price will no longer be an incentive for members to join.

Is size a determinant of what a municipality values in a municipal association? The hypotheses are: if a municipality is small, then it is more likely to value the services of a municipal association, and if a municipality is large, then it is more likely to value the advocacy programs of a municipal association.

The following chapter explains how the research question is answered. The methodology will describe the research design and sample used to find information to make conclusions on this topic.

Methodology

The methodology chapter of this report will outline the research design of this project. This chapter will explain the qualitative methods, and the instruments used to gather information on how municipalities of different sizes interact with AMO. The methodology chapter will flow into the findings of the research.

In order to find out what municipalities of various sizes value in AMO, a series of qualitative interviews were conducted with elected officials and city staff in both a large municipality and a small municipality. For the purposes of this research, the large municipality is Municipality L, and the small municipality is Municipality S. Municipality L has a population greater than 100,000, and is located in southern Ontario.⁵⁴ This municipality operates as a single tier, and shares boundaries with a county and other rural municipalities. Municipality S is a small municipality with a population of less than 100,000.⁵⁵ This municipality is also located in southern Ontario. Municipality S exists within a two-tiered structure, where it shares the responsibility for delivering services with an upper-tier county government. There are two control variables that ensure the results speak to the size of the municipality. Both municipalities are located in the same region of the province and are members of AMO.

The categories of “large” and “small” municipalities were created for this project, not drawn from AMO. The association divides member municipalities into groups and caucuses depending on size and location, but the association does not create a population range for each group. The municipalities that are the focus of this research are members of two different AMO groups. The large municipality is a member of the Large Urban Mayors Caucus of Ontario (LUMCO), and the small municipality is a member of the Rural Ontario Municipal Association (ROMA).

⁵⁴ Statistics Canada, “Focus on Geography Series, 2011 Census: Ontario.” Date modified April 17, 2014. Date accessed July 1, 2015. <http://www12.statcan.gc.ca/census-recensement/2011/as-sa/fogs-spg/Facts-pr-eng.cfm?Lang=eng&GC=35>

⁵⁵ Ibid.

The names of the municipalities in the sample and the names of participants are confidential. This research includes information that will impact the relationships between the sample municipalities and AMO. If attributed, critical comments about AMO will have negative implications for individuals and municipalities, and may harm their reputation. Anonymity enabled participants to speak candidly during the interviews. They were encouraged to share stories, insights and observations about their interactions with AMO.

Ten interviews were conducted with city staff and elected officials. The interviews were held in person, when possible, in the place of the participant's work, otherwise these interviews took place over the phone. The semi-structured format of the interview allowed for conversations to flow freely. The interviews covered six themes: external relations of the municipality, AMO's services, AMO annual conferences, the association's advocacy activities, challenges and concerns with the association, and the participants' perceptions of AMO's overall value.

Conversations began with a discussion of the municipality's relationship with external organizations such as other levels of government, associations and other municipalities. Where do tensions exist? How difficult is it for participants to contact staff and elected officials in other municipalities and build strong relationships? Do they feel their municipality is respected by organizations outside of the city limits? Next, interviewees were asked if the municipality used any of AMO's services, and if so, which services stood out. Interviews also included questions about the AMO annual conference, workshops and symposiums. Interviewees were asked about delegation sessions and the "bear-pit" sessions.

Then, conversations turned to the advocacy efforts of AMO. Participants were asked if they felt AMO accurately represented their concerns. Did AMO's leadership usually consult their municipality when forming the association's priorities and position? In the next portion of the interview, participants were asked if they faced any challenges when working with the association, and if they had any concerns about AMO. The final section of the interview included a question for the participants about whether or

not their municipality should withdraw their membership from the association. At the conclusion of each interview, a good impression had been formed of the participant's and municipality's relationship with AMO.

Findings

Discussions with participants were informative and insightful. Although conversations deviated at times from the scope of this research, this chapter includes information that speaks to the initial research question of how size determines what a municipality values as an AMO member. The findings are organized into four sets of data: the attitudes of large municipalities towards AMO's services, and then to advocacy; and the attitudes of small municipalities towards services, and then to advocacy. Each of these areas will be discussed in turn.

Large Municipalities and Attitudes Towards AMO Services

Interviewees did not discuss AMO's services in depth. Conversations with participants in Municipality L often drifted to AMO's advocacy efforts. It was clear that many of AMO's services are not useful to participants at Municipality L because the municipality could afford to serve itself independently.

Municipality L had limited use of the membership discounts through LAS. According to one participant, their municipality used "some" of AMO's services (Interview 5). The municipality investigated the LED streetlight program through the Local Authority Service (LAS), and they participated briefly in AMO's investment program (Interview 5). The municipality stopped using the investment program after "a poor experience with the markets," and they consequently lost a considerable amount of money, according to one interviewee (Interview 5). Municipality L had taken advantage of other services through other co-operatives (Interview 5). Overall, Municipality L did not utilize AMO's services extensively because their municipality is "a fairly large community, we can do a lot of things that smaller members can't do" (Interview 5).

Many participants received the AMO WatchFile newsletter, but only a few participants recalled that they read the document on a regular basis. These participants noted topics covered in the newsletter

were not relevant to their position or their municipality. One participant described how AMO “bombed” them with information, leading them to tune out the association (Interview 2).

Several interviewees recalled that Municipality L did not take part in the AMO’s councillor training program (Interview 3, Interview 7). Their municipality developed their own resources for incoming councillors. One participant noted, in retrospect, taking advantage of the councillor training sessions would have been valuable, and would have saved them the time to develop their own resources (Interview 7).

Through the conversations, a pattern of attitudes developed: the services used by city staff and elected officials in Municipality L are policy-based. The direct and tangible benefits they draw from the organization assist Municipality L with internal policy development, rather than save realizing cost savings in service delivery. Participants described three services they use to support their own municipality’s advocacy efforts: the use of task forces, networking, and access to information through AMO about other municipalities.

Some participants used AMO’s task forces and working groups as sources of information. One participant cited that their involvement with an AMO committee on accessibility greatly assisted their municipality when they drafted policy on accessibility (Interview 7). AMO task forces bring together experts, staff, and elected officials to discuss topics of municipal interest. Access to experts and discussions from the task forces give city staff a wide range of information and background on a topic. The information gathered from the task force enable elected officials to be well prepared when creating policy. Participants agreed that the cost of gathering information independently would be very high (Interview 3, Interview 7).

The networking opportunities at the AMO conference were noted in numerous interviews as very valuable parts of the organization. Participants in Municipality L framed the networking in terms of a service, rather than part of AMO’s advocacy efforts. At AMO, elected officials could meet and speak with elected officials in other municipalities and subject area experts. The networking, according to one

participant, is an excellent way for newly elected officials to be introduced to the municipal sector (Interview 1). The various sessions on topics of municipal interest, the trade show, and expert speakers give elected officials the opportunity to “get the ‘big picture’ when [they] are reading a staff report, [they] understand things more” according to a seasoned elected official in Municipality L (Interview 1). The AMO conference prepared newly elected officials to become better policy makers in their local councils. Elected officials understood better what was happening in other municipalities, and how strategies and policies used in other communities could be applied in their municipality (Interview 1).

Two participants from Municipality L noted that the access to information through AMO is one of the most valuable aspects of the organization. Both participants described that contacting AMO is a regular part of how they gather information on an issue. They contact the organization to gather information about how other municipalities confronted a certain problems. In this case, the staff members claimed information from AMO enabled them to understand how other municipalities created policy around Uber taxi services. A number of participants believed AMO’s collection of information about other municipalities is a valuable service provided by the organization. One participant described that the information provided by AMO immensely helps them perform their role. They explained that “we’ve got [access to] policy specialists, briefing notes, pre-budget submissions all of these things, 60% of our work done, we just have to put that 40% [Municipality L] spin on it” (Interview 7). Participants believed it was difficult to put a dollar value on the services they use from AMO, but the association undoubtedly saves their municipality money. Access to information saves their municipality the costs to gather information independently through hiring a consultant or using the time of existing staff. Participants agreed that the costs of hiring a consultant to gather the same information would cost considerably more than their annual membership fee to AMO. For this reason alone, the cost of their membership was a worthwhile expense (Interview 3, Interview 7).

The services used by participants in Municipality L are connected to their own advocacy efforts. Participants made explicit reference to using AMO’s service to support their municipality’s internal

policy development process, and their municipality's advocacy efforts. The access to information stands out as the primary service used and valued by a large municipality. Overall, interviewees' responses to questions about services drifted quickly to the advocacy functions of AMO. This tendency implies that city staff and elected officials at large municipalities perceive the true value of AMO is in its advocacy activities, rather than its services.

Large Municipalities and Attitudes Towards Advocacy Efforts of AMO

Interactions between Municipality L and AMO were based in advocacy efforts. Participants from the large municipality described the organization as an advocacy organization, rather than a service provider. One participant claimed "AMO is our direct avenue to the provincial government, as far as policies are concerned" (Interview 1). The same participant described AMO as an effective advocacy body because "they take much deeper complaints to the provincial government, while [other municipal associations] just attempt to get funding" (Interview 1).

During the interview, participants were asked if AMO has a history of consulting their municipality when they developed the association's position on issues. For the most part, participants said that AMO actively sought input from their members. "On a regular basis, we will work with AMO through our intergovernmental affairs group to develop policy directions and discussion papers", one participant noted (Interview 4). According to participants, this consultation occurs when the Province of Ontario sought input from communities in Ontario (Interview 1, Interview 3). Municipalities were invited to share their own submissions with AMO. AMO collected submissions to form their position. One participant claimed sometimes AMO's messaging is identical to that of Municipality L, and visa versa (Interview 7). One participant noted that "large municipalities are in a better position to influence AMO's thinking" because AMO caters its message toward their "power base of large cities" (Interview 3). AMO positioned itself to listen to large municipalities, one participant claimed, to take advantage of their

specialized staff and knowledge base (Interview 3). From these conversations, it is clear there is a close relationship between the advocacy efforts of large municipalities and AMO.

Interviewees from Municipality L also described AMO as an “amplification” tool for their local advocacy efforts (Interview 1, Interview 3). Participants recalled their municipality released position papers on provincial government policies in tandem with AMO’s position. Both messages, they claimed, are strengthened when aligned. When the messages from large cities and AMO aligned, they legitimized one another. One participant described how their municipality will advocate on their own behalf to the provincial government, and “also rely on AMO to reinforce that message, because we are not the only ones who are looking for money for transit” (Interview 1). It was clear that despite being a member of a powerful advocacy organization, Municipality L maintained its own advocacy agenda.

Numerous interviewees stressed the importance of having a representative on AMO’s board of directors. One interviewee said their municipality should “strive for political leadership on the board” (Interview 4). Another interviewee said their municipality “needs someone on the board to strengthen relationships with AMO even more” (Interview 1). The involvement of their municipality at the highest level of AMO’s structure would improve the ability of the municipality to align the organizations’ messages, and therefore strengthen the municipality’s own lobbying efforts. When Municipality L had a representative on the AMO board, the two organizations shared a close relationship; elected officials and city staff were in a position to take full advantage of AMO’s ability to influence provincial policy. The MOU with the provincial government allows AMO to have a direct influence on provincial policies that affect municipalities. A representative on the AMO board of directors would allow the municipality to build their own relationships with provincial decision makers. This perceived need for representation at the board level shows that these municipalities want to become more involved with AMO.

Interviewees stressed that AMO is an important organization because they provide a “united voice” for municipalities (Interviews 2, Interview 3, Interview 4). The voice can provide information to the provincial government on municipal concerns. When they were asked if their municipality should exit

the organization, interviewees said no. Their withdrawal from the association would weaken this united voice (Interviews 3, Interview 4). Many participants said that although it is sometimes difficult to see the direct benefits of being a member of the organization, it was worth the price of membership for them to be involved in discussions about municipal issues. “You may not see it in a specific year, but on the whole, I think you see [the value],” one participant noted (Interview 1). If they withdrew their membership, the chain reaction of exits that would follow would weaken the voice for municipal issues and ultimately their municipality’s wellbeing. One participant put it simply: “exiting hurts all members” (Interview 4). This participant continued on to say, “it doesn’t make it better when communities withdraw their voice from the organization,” referring to the ongoing efforts of AMO to influence policy at the provincial government (Interview 4).

Some participants noted the value of being a member to have their interests represented in the formation and administration of provincial programs and services, such as the federal Gas Tax Fund. This program, according to participants, would not be available if AMO had not been present at the formulation stage of the program to represent the interests of municipalities (Interview 5). One participant believed it was important that AMO was involved in the discussions regarding topics such as interest arbitration. The association was seen as an important voice representing the interests of municipalities on policy involving the negotiation of collective agreements with essential service workers (Interview 5). One participant noted that members of AMO would benefit significantly from the association being heavily invested in lobbying the provincial government on this issue. The association could “do things that [Municipality L] on its own couldn’t do”, such as draft policy, consult with legal experts on the topic, and devote other resources. AMO’s work on larger topics is valuable to members of the organization, according to many interviewees in Municipality L. Municipalities enjoyed the results of successful lobby campaigns led by AMO.

Interviewees were asked: does your municipality get its money’s worth from membership fees? Answers to this question varied. Many participants claimed the value of the relationships built through the

association is worth the price of the yearly membership cost. This membership fee did not produce quantifiable benefits for the money spent, but all participants believed it is worth the price. “The benefit is being part of something that everyone else is,” one participant claimed (Interview 3). Although many participants believed the price of membership is very high, a participant noted, “if we can’t support them financially, then we are making a big mistake” (Interview 1). This participant noted their municipality’s membership in AMO is worth “millions of dollars” (Interview 1). A third participant echoed these sentiments and said “by being a member, we strengthen the organization, and this is how we get things for cities, through one voice, to do this, we need money” (Interview 3). “The government must listen to [municipalities],” and AMO is the only way in which municipal concerns can be heard (Interview 1).

Some interviewees claimed that large cities dominate AMO’s task forces and working groups. According to participants in interviews, and the AMO 2013 Annual Report, Municipality L is involved in the advocacy activities of the association.⁵⁶ Large municipalities, one participant recalled, led the conversations and agendas of these groups (Interview 3). Representatives from large municipalities came prepared with a position on issues ready to be adopted by the caucus and AMO. These large municipalities have the capacity within their organization to research topics and form positions before caucus meetings, because they have specialized staff within the municipalities (Interview 3). As one interviewee claimed “it becomes a really easy vehicle for a city to dominate an agenda” (Interview 3). The participant went on to say that “if you come to the table with more power than AMO, then you will overpower AMO and become the AMO voice” (Interview 3). Large cities can steer the conversation, and supply AMO’s message on a policy issue. Representatives from a large municipality are in a position to manipulate AMO’s structure to further their own advocacy goals.

Participants were asked about the quality of the interactions between municipal and provincial representatives at the AMO Annual Conference. Are conversations between the parties genuine? Are

⁵⁶AMO. *Annual Report 2013*. 10-20

delegation sessions and the “bear pit” sessions effective avenues in which to have your municipality’s concerns heard? To refresh, delegation sessions are fifteen minute meetings between municipal leaders, usually mayors, and provincial ministers and MPPs. The meetings are an opportunity for mayors to outline the priorities of their local councils, and to ask for assistance from the provincial government to pursue those priorities. “Bear pit” sessions are question periods in an open forum, allowing municipal representative to interrogate provincial representatives on specific issues they face in their local communities.

Many participants from Municipality L agreed that these interactions were not effective ways to communicate with provincial representatives. One participant likened the experience to a method of courtship: “They don’t remember who [name] is, they don’t remember [Municipality L], they don’t remember the asks. It’s like speed-dating... I found that it was a dog and pony show that got no results” (Interview 2). Other participants believed “there are better ways for a community to have more substantial discussions with their counterparts in the provincial government, and I tend to pursue those” (Interview 4).

A minority of participants from Municipality L claimed that these delegation sessions were successful. They noted that a number of grants the municipality had received resulted directly from a delegation session at the AMO conference (Interview 7).

When they were asked about the effectiveness of the “bear-pit” sessions, many participants were unaware of the sessions. The participants who were aware of the session did not believe it was an effective method of advocating for their municipality’s needs. Participants recalled the bear-pit is a place for small municipalities to “air their grievances” about specific issues they face (Interview 3). During the sessions, provincial delegates are bombarded with information and are not in a position to respond to the questions raised in the “bear-pit” (Interview 4).

The interviews revealed AMO conferences do not enhance access to provincial representatives. Large municipalities hold enough political clout to build their own relationships with provincial

representatives, and to advocate on their own behalf independently. AMO's advocacy efforts, including conferences and delegations, helped to shape and reinforce the municipality's advocacy agenda, but did not enhance access to provincial representatives.

The AGM was, however, noted as an important part of the advocacy efforts of AMO. It was therefore important for members to support and attend the conference. One participant explained how "the agenda of the conference plays an important agenda-setting role. It shows the province what municipalities are thinking and concerned about" (Interview 3). During an election year, provincial government representatives are eager to meet and to hear from municipal leaders, and take the opportunity to share their party's position on municipal issues, two participants recalled (Interview 2, Interview 3).

Overall, conversations about AMO with individuals from Municipality L focused on AMO's role as an advocacy group. Interviews revealed that the advocacy activities of AMO assisted Municipality L in pursuing their own advocacy agenda and in developing policy. AMO's advocacy functions "amplified" the messages of the large municipality (Interview 3). Together, AMO's advocacy agenda and the municipality's advocacy agenda aligned and therefore legitimized each other. In terms of the ability to impact policy in the provincial and federal government, AMO's lobbying efforts assisted the municipality in their own advocacy efforts. But, AMO did not enhance the large municipality's access to provincial decision makers, because the municipality had strong relationships of its own.

Small Municipalities and Attitudes Towards AMO Services

Municipality S uses the many of AMO's services. Interviewees noted their municipality uses Local Authority Services (LAS) discounts, AMO's Watch File newsletter and updates, and attending annual conferences (Interview 6, Interview 8, Interview 9). City councillors took part in AMO's training for elected officials. The interviewees noted they had not taken part in AMO's workshops, webinars or symposiums that took place apart from the annual conference (Interview 8).

All of the interviewees at Municipality S said their municipality uses discounts on natural gas purchases through the Local Authority Services (Interviews 5, Interview 8, Interview 9). The municipality explored taking part in the LAS streetlight program, but did not fully participate as of the time of the interview (Interview 6, Interview 8). Municipality S used LAS through the county government (Interview 9).

Participants spoke highly of their conference experience. They attended the conference in consecutive years, and praised the expert speakers, panels and sessions (Interview 8). The conferences were very important to participants as an opportunity to learn about municipal issues. The interviewees also valued the opportunity to meet other municipal leaders at the conference. One participant recalled, “you find out a lot just from speaking to other municipal leaders ... what are the issues in their community?” (Interview 8). The opportunity to meet other leaders at the conference allowed connections to form in a central time and place, rather than the councillors building relationships independently.

Participants claimed the limited budget of their small municipality prevented them from sending more delegates to symposiums and workshops. One participant noted, “our municipality doesn’t have a lot of money to spend on these sorts of things” (Interview 8). These comments highlighted the limited capacity of a small municipality, in contrast to a large municipality.

Interviewees received AMO’s regular email correspondence including updates and the WatchFile newsletter. Two participants recalled that they read the newsletter on a regular basis. The newsletter provided them with updates on AMO, issues in other municipalities and the provincial government (Interview 8, Interview 9). In one interview, a participant explained how AMO connected them to other communities. This network of AMO members, according to the participant, was the most important part of being a member of the association (Interview 9). Another participant explained how without their AMO membership, they would be “on an island” (Interview 10).

As a source of information on municipal and provincial policy, interviewees from Municipality S claimed that AMO is “not a go-to source” (Interview 6). Instead, participants would use existing

relationships with neighbouring municipalities and the provincial government to gather information (Interview 6, Interview 9). One participant suggested the only reason they would contact AMO would be regarding the administration of the federal Gas Tax Fund (Interview 6). Because the Gas Tax Fund is a national program available to all Canadian municipalities, it is not considered an AMO service.

Due to the limited budget of the municipality, the services that participants used were more likely to be those that intend to save money for the municipality, such as LAS discounts. The conference was framed by participants as a service provided by AMO. Attendees gained information from the sessions, and built relationships with other municipalities. In the past, the conference was not viewed as a part of the municipality's advocacy efforts. The conferences allowed elected officials to learn and gather information at a lower cost than if the municipality was to arrange these sessions for itself. The information gathered during these conferences prepared elected officials to be better for decision-makers. This finding contrasts with what was found in Municipality L, where services were used to support the municipality's advocacy efforts. Evidence of using AMO to support an internal advocacy agenda was not found in Municipality S.

Small Municipalities and Attitudes Towards Advocacy Efforts of AMO

The attitudes towards advocacy in Municipality S were strikingly different than in Municipality L. The size of Municipality S was a major factor in how the participants interacted with AMO. Participants observed that their municipality was too small to take an active role in AMO, but too large to fit into the rural group within the association, ROMA (Interview 9).

All participants noted that the relationship between their municipality and AMO was limited in terms of advocacy efforts. One participant described how AMO had not "been well received in the past" by Municipality S because AMO was perceived to focus on issues concerning large municipalities (Interview 9). To this participant, "small municipalities don't get as much respect as large municipalities" (Interview 9). In the opinion of another participant, AMO is "focused on large municipalities... they have

to remember that they represent both large and small municipalities” (Interview 10). This participant went on to say that “there is a difference between large cities and small cities and their needs” (Interview 10). The participant’s comments implied that the needs of small municipalities were not being served by AMO. Although Municipality S’s position aligned with AMO’s position, participants were unsure what their municipality’s role is in the association (Interview 8, Interview 9).

Participants were asked about the interactions between provincial representatives and AMO members at the conferences. Participants in Municipality S believed these interactions do not stand out as a valuable part of their annual conference experience. The conferences were viewed more as an opportunity for elected officials to gather information and network with other elected officials. Interviewees noted that they did not participate in the delegations or the “bear-pit” sessions.

Small municipalities struggle to gain respect in AMO, according to one participant. In the past, delegation sessions were not worthwhile because provincial representatives did not show interest in issues that faced such a small population. Knowing this, the participant described a new strategy for delegation sessions for the next conference. Representatives from Municipality S planned to join their county government counterparts to represent a larger population in the delegation sessions (Interview 9). This strategy allows a larger population to be represented in the delegation session, and therefore gain more respect and attention from provincial representatives.

One participant claimed delegation sessions were not a good use of time, because some provincial MPPs and ministers are “not able to speak freely, making the value negligible” (Interview 6). Other ministers are more “forthright and down to earth” (Interview 6). The inconsistency in the quality of conversations with provincial ministers made the delegation sessions low in value. One participant described the delegation sessions as “lip service” (Interview 10). Elected officials from Municipality S took part in delegation sessions at the Rural Ontario Municipal Association (ROMA), the group within AMO that focuses on rural issues (Interview 6). A participant described how they were looking to become more involved in ROMA. They were drawn to the group because it focuses on the needs of rural

municipalities (Interview 10). These delegation sessions at ROMA were more valuable to Municipality S. The interviews with participants in Municipality S revealed that a small municipality might be more welcome and comfortable in a setting specialized for their size of community.

Participants from Municipality S valued the advocacy efforts of AMO because they are “the voice” for municipal issues (Interview 6, Interview 8). The interviewees believed that AMO plays an important role to promote the interests of municipalities to the provincial government. One interviewee noted there is no special relationship between their municipality and AMO, but they said that the position of their local council and AMO usually aligned (Interview 8, Interview 9). The interviewee recognized how AMO “works for everyone” and being part of that network is valuable (Interview 8). One interviewee noted the following: “we don’t get the opportunity or chore of creating policy papers on big topics that everyone is wrestling with. AMO seems to be hitting the sore points in advocating on behalf of the municipal perspective” (Interview 6). Another participant explained, “we do have to have someone lobbying for us”, and fills that role (Interview 8). Overall, the position of Municipality S’s local council and the position of AMO aligned 90% of the time (Interview 9). From conversations with city staff and elected officials in Municipality S, the task of advocating to the provincial government is not a priority. Delivering services and working with the county government was more important than building relationships with the provincial government and AMO leadership. Due to population size and the budget of Municipality S, they rely on AMO to advocate on their behalf.

Conclusion

The conclusion of this paper is divided into three sections: application of findings to theory, summary of contributions and suggestions for future research.

This paper began with a literature review of work on collective interest organizations and local government advocacy. Mancur Olson and Terry Moe provided valuable theories through which to explain how individuals are motivated to join collective interest organizations. Anne Marie Cammisa provided insights into collective interest groups of governments, and Alessia Vatta made important comments on the impact of size on the behaviour of firms within groups.

Mancur Olson argued that individuals are rational beings who act in their own interest. This self-interest, according to Olson, cannot align with the communal goals of an interest group.⁵⁷ Olson argued that small members are motivated by the “selective incentives” offered by an organization to their members. These services and products are available at a lower price than in the marketplace, which encourages small members to engage in collective interest organizations. Terry Moe claims that both selective incentives and group goals are motivating factors for members of any size to join a collective interest group. The decision to join a group depends on the member’s individual perceptions, values and goals, as well as their rational self-interest.

To frame our understanding of how local governments organize themselves to advocate for their collective needs, we considered the work of Anne Marie Cammisa. Cammisa wrote about the lobbying of state and local governments in the American context. Government based interest groups are unusual because their membership is composed of elected officials and public servants. These groups stand apart from other collective interest groups because the member municipalities have experienced lobbying themselves, which prepares them differently to lobby the federal government, according to Cammisa.⁵⁸ Cammisa’s book focuses on the success of four lobbying campaigns to change federal legislation. While

⁵⁷ Olson, *Logic of Collective Action*, 2.

⁵⁸ Cammisa, *Governments as Interest Groups*, 20.

this is not the focus of this research, she makes note of how members behave and what they value in their municipal association. She claims the motivations for joining these groups are based on the “material benefits”, like services and products, the “solidary benefits” of being linked to other groups and individuals in the sector, and “purposive benefits” of the ability to pursue a particular aim or policy objective.⁵⁹

Alessia Vatta claimed that small and large firms have fundamentally different resources and interests. A firm’s interest impacts its behaviour in an association. She argued that small firms are financially limited, while large firms attempt to dominate the organization.⁶⁰ This difference in interests and behaviours creates polarization within an association. Vatta’s work enabled us to create hypotheses about how municipalities of different sizes use municipal associations in different ways.

Municipal governments in Canada have a tradition of joining together to influence policy and representing collective interests to provincial governments. Due to the federal structure of Canada’s governments outlined in the *Constitution Acts*, municipalities are creatures of the province.⁶¹ This research focused on the Ontario context, and how municipalities behave within the Association of Municipalities of Ontario.

Siegel elaborated on the differences in sizes of communities in the province. According to Siegel, large municipalities face challenges related to providing for growing populations, while small and rural communities lose population as their connections to large metropolitan centres grow. Siegel’s comments revealed the differences between communities in Ontario. These communities might value different functions of AMO, because different parts of the association assist them in facing local challenges.

The introduction of this paper posed a research question: does the size of a municipality determine what it will value in a municipal association? To answer this question, an in-depth analysis of

⁵⁹ Ibid., 26, 27

⁶⁰ Vatta, “Employers’ Organizations and Concertation,” 247.

⁶¹ *Constitution Acts of Canada 1867 to 1989*. Section 92.8

the Association of Municipalities of Ontario and two of its members was carried out. First, we described the function and mandate of AMO, including the services the association provides to its members and AMO's advocacy structure. Then, the qualitative research design was introduced and explained how we can know the ways in which two municipalities of AMO use the association. One large and one small municipality were compared to contrast between the elements of AMO that they value. We assumed the participants use the services and advocacy of AMO only in ways they felt were valuable. The methodology chapter led into a thorough discussion of the findings, which were organized into four sections that explained the attitudes of each municipality towards the advocacy and services of AMO.

The concluding chapter of this research report will apply findings to the theories in the introduction. We will answer the research question, and compare the findings to the hypotheses. The chapter will end with a summary of contributions this report makes to the literature, and future research that could help to fill remaining gaps.

Application of Theory

Both the municipalities in this sample are primarily motivated to remain a member of AMO due to the association's advocacy efforts. Olson and Moe's theories of the motivating factors for members to join a collective interest organization were consistent with the findings. As well, both municipalities are motivated by benefits that serve their own interests. Findings revealed that participants value different "selective incentives" because they have different self-interests. The self-interest of the small municipality is to reduce costs and alleviate pressures on a limited budget created by a shrinking tax-base. The self-interest of the large municipality is more political in nature. Their priority is to serve the people of their community by creating sound policy to address local problems stemming from growth. Participants from Municipality L used the association to assist their internal policy making and advocacy efforts.

Overall, the municipalities were not members of AMO to satisfy their self-interests. Both municipalities in this sample remained members of AMO to support the group's goals. The importance of group goals, like the defence of municipal interests to the provincial government, overrode the individual interests of the municipalities, regardless of size of the member. Interviewees continued to note that AMO is important because it is the united voice for municipalities in Ontario. When asked if their municipality should leave AMO, the majority of participants noted their exit would be detrimental to the municipal sector as a whole, before considering the impact on their own municipality. The annual membership fee contributes to the financial resources required for AMO to be an effective advocate. Membership in the association provided AMO with the credibility to speak on behalf of municipal issues.

Olson claimed that group goals are not an incentive for a small member to join a collective interest organization. He suggested that a small member enjoyed the benefits of successful policy change from the interest group regardless of their membership, therefore it is irrational for a small member to join such a group. Olson's argument was not reflected in the findings. Participants from the small municipality cited group goals as a motivation to maintain their membership. These findings support Terry Moe's arguments on the motivating factors relevant to both small and large municipalities. Small municipalities also value being a part of the "united voice" and in maintaining the presence of municipal concerns in the provincial policy making process through MOU discussions.

The findings of this research also support the conclusions of Alessia Vatta in her work on small and large firms in trade organizations. She claimed that small firms "operate on tight financial margins", which limits the resources available to be involved in an organization. In Municipality S, the limited amount of money available prevents elected officials from attending AMO's workshops and symposiums. The finite resources of Municipality S also limited their capacity to pursue their own advocacy agenda. AMO is valuable because the association speaks on their behalf. Vatta's comments on large firms translate well to the behaviours of Municipality L. Vatta claimed that large firms attempt to take greater

control of organizations they are members of to balance their voting power with their size.⁶² In the findings of this research, staff and elected officials from Municipality L were involved in AMO's caucuses, task forces, and board of directors, and actively seeking to develop AMO's message in alignment to their own. Representatives from large municipalities came prepared with a message for AMO to adopt.

Vatta argued that the difference in interests between small and large firms would create polarization within the association. This polarization was reflected in the findings of this research. The small municipality struggled to find its place in AMO. Participants described how their community was too small to have a voice, because it was dominated by large municipalities. Large municipalities enjoyed closer involvement with AMO, and sought further involvement through a position on the board of directors. A few participants felt that AMO is too focused on issues facing small municipalities, and alienates larger members.

In this report, the question was asked: Does the size of a municipality determine what they value in AMO? The findings of this research somewhat supported the hypotheses put forth at the beginning of this report. To refresh, they are: if a municipality is small, then it is more likely to value the services of a municipal association, and if a municipality is large, then it is more likely to value the advocacy programs of a municipal association.

The results revealed that what a municipality values in an association is not quite so clear. Both sizes of municipalities in this sample expressed the importance of AMO's advocacy efforts *and* the services AMO provides to members. Each municipality engages with the association differently, aligning with the hypotheses. The subjects from the large municipality viewed AMO primarily as an advocacy organization that could assist them with internal advocacy work. The small municipality utilized the

⁶² Vatta, "Employers' Organizations and Concertation," 247.

direct services of AMO to save money, and appreciated the advocacy work of AMO, but did not actively engage that part of the association.

Large municipalities are more likely to use services that save opportunity costs, rather than direct financial costs. AMO's source of policy and research saved the time that city staff would spend to research policy issues independently. The networking opportunities allowed elected officials to build connections faster and in a central time and place at the conference. Small municipalities are more likely to use services that provide direct financial savings, such as councillor training, LAS discounts on natural gas. Large municipalities use policy-based services and interact with AMO on policy based issues, while small municipalities have a transactional relationship with AMO.

AMO's advocacy efforts are highly valued by participants in Municipality L. Participants saw AMO as an advocacy based organization that supports and "amplifies" the advocacy work they pursue independently. They noted that their municipality uses AMO to further their own advocacy efforts. They do this by embedding themselves in the administration of the organization and arriving prepared at caucus and task force meetings. Because they are prepared in the early stages of AMO's policy development process, they can exercise more influence and therefore further their own interests. They had the ability to shape AMO's message to resemble their own. Participants from the large municipality valued AMO's strong relationship with the provincial government through the MOU, and took advantage of the information the association could provide.

Participants in Municipality S also valued the advocacy efforts of AMO, but were involved to a far lesser extent than their larger counterparts. The small municipality operates with fewer staff and financial resources. This limitation restricts staff from spending time on specialized topics and advocacy. They may not have an intergovernmental affairs office found in a large municipality. They appreciated that AMO could speak on behalf of the municipal sector, but did not actively use the association to support their own municipality's advocacy agenda.

Summary of Contributions

This research report contributed information to the seldom studied field of Canadian municipal government and local government based collective interest organizations. Although this study focused on the context of Ontario, the findings can be translated to other Canadian provinces and potentially other countries. This is because the findings of this research pertain to size of a government, rather than their structure or power.

This research is applicable outside of the realm of Canadian local government. The conclusions can be applied to other levels of government and other sectors. Provincial governments in Canada do not form associations in the same way local governments do, but the conclusions of this research speak to the differences in interests and values of governments depending on their size. The findings can also be applied to the dynamics within trade associations.

To summarize the findings of this research, it was found that the large municipality viewed AMO as an advocacy organization, and use services to support their own advocacy efforts. In contrast, the small municipality utilize services of AMO with the intent to save money on local service delivery. While small municipalities value the advocacy work of AMO, they did not actively engage with AMO's advocacy efforts.

This research reveals that municipalities of different sizes hold different values. These values impact how municipalities operate, and how they allocate their finite human and financial resources. Due to these various value sets between municipalities, collective interest organizations like AMO must be aware of these differences in order to serve their membership base. This research confirms that when municipalities are members of municipal associations, small municipalities value services that save them money, and large municipalities value advocacy activities that could support their own policy priorities. These conclusions are based on understanding the differences in self-interests between municipalities that are different sizes. A responsive municipal association should know both of these areas engage their

diverse membership base. An engaged membership will build support for the association and lead them to be more successful in achieving their policy goals and represent collective interests.

Further Research

While this research was based on population size as a determinant, future research could investigate the impact of location, political leadership, and budget as on how a municipality engages with an association. Moe and Olson measured size of a member based on financial resources. This research did not consider the size of a municipality's budget. Findings could reveal the same conclusions as did population when used as a size determinant.

This research project did not consider how the association communicates their success to their membership. It is difficult for an interest group to gauge their success and influence. Camissa points out that impact of an interest group is difficult to measure because of the number of variables that contribute to the creation of a policy. It is difficult to pin-point whether a change was made due to an interest group's lobbying efforts, or other factors such as timing, public opinion, and party support.⁶³ Further research could also focus on how a municipal association organizes their advocacy efforts. Many participants in this research project commented on the complex structure of AMO's groups and caucuses. How do they organize themselves to be successful at creating policy change in the provincial government? Does the caucus structure of AMO lend itself well to influencing provincial policy, or does it fracture the united voice of the municipal sector? How do these groups create their priorities? How does AMO measure its success?

From this project, we better understand the diversity in values between municipalities of different sizes. Cities vary in size, from rural townships to regional hubs to amalgamated metropolises. This

⁶³ Cammissa, *Governments as Interest Groups*, 32.

diversity poses significant challenges to an organization like AMO. As Cammisa notes, “the membership of the groups is, in some ways, their greatest strength as well as their greatest weakness.”⁶⁴

Concluding Comments

This research project posed the question: does the size of a municipality determine what it values in a municipal association? This question was answered through a series of qualitative interviews with elected officials and city staff of a small and large municipality, both of which are members of AMO. These interviews provided the following answer to the research question: yes, the size of a municipality does affect what it will value in a municipal association. The limited budget and capacity of small municipal governments lead them to use cost-saving services through AMO, and allow them to be connected with an organization that will lobby on their behalf. A large municipality will use the association to support their own advocacy efforts and use network of member municipalities to develop internal policy, and by becoming embedded to align the two organizations’ messages. The hypotheses posed at the outset of this paper were supported. This research contributed to the field of local government and the study of collective interest organizations.

⁶⁴ Cammisa, *Governments as Interest Groups*, 29

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Appendix

Appendix 1.0

Local Authority Service (LAS) Available Services

311	Building Optimization
Closed Meeting Investigator	Consolidated Energy Billing
Electricity Procurement	Energy Planning Tool
Fuel Procurement	Group Benefits
Home and Auto Insurance	Investments
Municipal Risk Management	Natural Gas Procurement
Recreation Facility Lighting	Sewer and Water Line Warranty
Streetlight Program	Training