

Municipal Government Act Review

What We Heard: A Summary of Consultation Input

Business and Industry Session
Held in Lethbridge on February 27, 2014

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Developed by KPMG for Alberta Municipal Affairs



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Introduction

Purpose

This document provides a summary of what was heard during a consultation session for the *Municipal Government Act* (MGA) review. The summary below includes the comments and opinions of the participants of the Business and Industry Session held in Lethbridge.

These contributions have not been reviewed or edited for accuracy. Comments recorded here reflect the opinions of individuals offered in person and recorded by session facilitators; they do not necessarily represent the opinion of the Government of Alberta.

The input summarized below will be considered by Alberta Municipal Affairs as part of the review of the legislation. Municipal Affairs would like to thank the participants of this session, as well as all Albertans participating in the review of the MGA. Any inquiries related to this summary or to the consultation process should be directed by email to the MGA Review Team at mga.review@gov.ab.ca.

The Municipal Government Act Review

The MGA is designed to help build strong, prosperous and sustainable communities throughout Alberta. Alberta Municipal Affairs is reviewing and refreshing the MGA to address evolving circumstances and priorities in Alberta's many communities, and to ensure the MGA continues to meet its objective. A successful MGA review process will continue to position Alberta as the leading Canadian jurisdiction in terms of municipal legislation, having incorporated sound thinking, input and research into a clear Act that meets the needs of the Province and municipalities. In order to achieve this vision, an inclusive and comprehensive engagement process was developed to ensure stakeholders across the province have opportunities to provide input to the review.

As part of the MGA review, regional consultations were held in eleven locations around the province to give Albertans an opportunity to provide input face-to-face. In each location, different types of sessions were held, including Technical Sessions, a Business and Industry Session, a Municipal Administrators Session, an Elected Officials Session, and a Public Open House.

These engagements were conducted in February 2014 to April 2014 in 11 locations throughout the province. Each location was held over 3 days in the following locations::

- Brooks
- Calgary
- Edmonton
- Edson
- Fort McMurray
- Grande Prairie
- Lethbridge
- Medicine Hat
- Peace River
- Red Deer
- Vermilion

Sessions were promoted via news releases, direct email invitations, social media, and by the Minister of Municipal Affairs at stakeholder conventions. Information on regional session locations, dates and registration were on the MGA Review website.

Input to the MGA Review has also been provided through other channels, including the MGA Review website (mgareview.alberta.ca), the MGA Review Consultation Workbook, and official submissions.

Session Overview

Session	Business and Industry Session
Location	Lethbridge Lodge, Lethbridge
Date	February 27, 2014
Number of Participants	8

- This session was open to anyone who wished to attend. Participants were asked to register in advance in order to receive background materials before the session.

Regional Consultation Methodology

How sessions were organized

Regional consultations were structured around one or more of the three themes of the MGA Review:

- Governance and Administration
- Assessment and Taxation
- Planning and Development

Participants were provided with agendas in advance, which identified a list of potential topics for discussion. These topics were taken directly from the MGA Review Consultation Workbook. Several of the topics for discussion appear under more than one of the three themes of the review because they are relevant to more than one theme (e.g. public participation). The agenda is attached as Appendix A.

At this session, participants provided input through facilitated table discussions. The goal of the facilitated conversations was to give the opportunity to all participants to discuss the issues that mattered most to them. Given the large size and scope of the MGA, participants at each table were asked to focus their discussion on those topics that they felt were most important to provide input on, using the list provided in advance. In addition, this session included time for “open discussion” during which participants could provide any additional input that they felt was important to the review. Table facilitators and note takers included staff from Municipal Affairs, KPMG and ADR Education.

Capturing input and reporting

Input from session participants was captured on flipcharts by facilitators during the discussion. It was explained to participants that:

- Comments were being recorded on flipcharts so that they could be captured and considered by Municipal Affairs as part of the review of the MGA.
- Comments would not be attributed to individuals or organizations.
- Other avenues were also available to provide written input to the review.

The summary below documents the input heard from participants and recorded on flipcharts. These comments have been transcribed and organized according to the list of topics for discussion; they have not been screened for accuracy and do not reflect consensus of participants. As a result, comments and opinions listed may be contradictory. Comments that apply to issues outside of the scope of the review (e.g., suggested changes to other legislation) have been removed.

It is important to emphasize that this summary reflects the input heard from participants, and does not necessarily reflect the position of the Government of Alberta.

How the Summary of Responses is Organized

Input from session participants is organized according to the three themes for the review:

- Governance and Administration
- Assessment and Taxation
- Planning and Development

Within these themes, comments are organized according to the applicable topics for discussion, using the list provided to participants in advance. In some sessions, not all themes may have been discussed.

Summary of Input

General Comments about the MGA

The following input was received and documented related to the MGA in general. Comments from participants included that:

- The language and structure of the revised MGA needs to be clear and easily implementable.
- Increased clarity in the MGA will reduce legal challenges and differing legal opinions.
- The revised MGA needs to recognize the differences between politics and policy.
- The MGA should empower municipalities to define their own vision.
- Municipal autonomy is important. However, industry needs to be informed of the differences and changes from municipality to municipality to make the business environment more certain and predictable.

Governance and Administration

The following input was received and documented related to governance and administration.

Municipal Powers, Structures, Annexations and Other Changes

Municipal powers

Comments from participants included that:

- Municipal powers should be further expanded and defined in the MGA.
- Municipalities should have full authority within their boundaries, especially when it comes to land use. The Province should not be able to supersede municipal policies in areas like well drilling. However, economic development could be limited if all land-use decisions were made at the local level.
- Municipalities need to have more influence with provincial regulators.
- Municipalities need to keep their current powers to tax and to charge fees and levies.

Municipal structures

Comments from participants included that:

- The definitions of structures in the MGA need to be more clear and descriptive.

Fundamental changes and municipal restructuring

Comments from participants included that:

- Municipalities should have the choice to keep rural utility franchise agreements after annexations have occurred.
 - The Province does not recognize franchise agreements in rural areas, which is inconsistent with rules for urban areas.
- The dissolution process takes too long. There should be a faster process to dissolve a municipality that is not viable anymore, without sacrificing the diligence.

Municipal Governance and Administration

Municipal governance

Comments from participants included that:

- After an election occurs, councils need to be ready to effectively govern more quickly.
- There should be mandatory training before and after an election to ensure candidates are committed and informed.

Municipal administration

Comments from participants included that:

- The MGA needs to clearly state that the chief administrative officer is the only employee of council.
- The Province should offer training to build the capacity of municipal administrators.

Municipal Finances

Regional funding approaches

Comments from participants included that:

- There should be a mechanism available under the MGA to fund regional facilities.
- There should be a balance between regional cooperation and local needs, since regional funding does not always work.
- Municipalities that have the power to distribute water to other municipalities ultimately control development in surrounding other municipalities.
- The MGA should have state that there must be valid reasons for municipalities to provide a duplicate service within their region.
- There should be cost sharing between municipalities and developers to provide services that run adjacent to school reserve sites.

Municipal revenue sources

Comments from participants included that:

- Municipalities should have access to alternate ways to pay for growth, such as toll roads and utility bonds.
- Municipalities should have access to broader revenue generating toolkits that include revenue sources like community finance districts and municipal utility districts. These alternatives carry very little risk if they fail.
- Current municipal reliance on offsite levies and property taxes for revenue is increasing the cost of new homes, making them unaffordable for many people.
- There should be rules around how municipalities use revenue when it is earned in competition with private business.

Fees and levies

Comments from participants included that:

- Municipalities should maintain their ability to receive franchise fees.
- Fees and levies need to be defined as clearly as possible within the MGA.
- The definitions of fees and levies need to be clear and explicit in the MGA to enable more transparency and accountability.
- The MGA needs to create a competitive environment that is fair for businesses and municipalities.
- To increase transparency, how the revenue generated from fees and levies was allocated and used should be reported back to those who paid the fee or levy.
- The MGA should more clearly define the timelines and processes associated with different kinds of fees and levies.

Municipal Accountability, Liability, and Risk Management

Compliance and accountability

Comments from participants included that:

- An inspector or ombudsman should be assigned to municipalities to ensure that municipalities are following the legislated rules. Inspectors or ombudsmen must have the power to hold municipalities accountable and direct them to change non-compliant practices.

Municipal Services and Delivery

Service provisions

Comments from participants included that:

- When the Province downloads accountability for certain services to municipalities, appropriate funding should also be provided to cover the added costs.

Municipally Controlled Corporations

Comments from participants included that:

- Municipal corporations should have to report to municipalities.
- The MGA needs to ensure that there is a level playing field between municipal corporations and private industry.
 - Municipal corporations should be required to pay property taxes, just like private companies do.

Assessment and Taxation

The following input was received and documented related to assessment and taxation.

Taxation and Municipal Finances

Taxation

Comments from participants included that:

- There should be limitations placed on the difference between residential and non-residential property tax rates.
- Business tax is irrelevant in today's economic environment. This tax should be discontinued.
- Drilling costs should be included under the MGA in the well drilling equipment tax.
- Well drilling equipment taxes are an important revenue source for rural municipalities and should be retained.

Exemptions from Assessment and Taxation

Comments from participants included that:

- The tax burden on residential property owners is increased as a result of inadequate revenue being received from exempted properties.
- The rural assessment policy exemption is not fair to acreage owners.
- The *Community Organization Property Tax Exemption Regulation* is confusing. The regulation's use of the phrase "fees of any kind" is too broad.
- Non-profit tax exemptions need to be streamlined and clarified. In particular, an explanation of the term "held by" is needed.

Market Value, Equalized and Supplementary Assessment

Market value assessment and administration

Comments from participants included that:

- All properties should be assessed at market value. Exemptions should all be applied to taxation, and not by modifying assessments.
- Re-assessment should be required regardless of sales or changes to the property to ensure assessments are accurate.

Equalized Assessment

Comments from participants included that:

- Electric power generation properties should not be exempt from education property taxes.
- Education property tax should be charged on machinery and equipment property.

Progressive and supplementary assessment

Comments from participants included that:

- Either all property or no property should be assessed using a progressive assessment approach. The MGA should treat all property the same when it comes to assessment.

Industrial and Agricultural Property Assessment

Linear property assessment

Comments from participants included that:

- Natural gas lines should continue to be assessed as linear property, but should not be taxed.
- The definitions used to assess regulated properties need to be updated.
- Regulated assessment rates are outdated, meaning new technologies are not being captured.
 - In particular, linear property assessment rates are outdated.

Machinery and equipment property assessment

Comments from participants included that:

- Currently there is too much immediate depreciation in the assessed value of machinery and equipment property.
 - Machinery and equipment property should be assessed at market value, or valued according to its cost.

Transportation properties

Comments from participants included that:

- Private airports should be assessed consistently across the province.

Farm property assessment

Comments from participants included that:

- All farm properties should be assessed equally at market value, and any exemptions should be applied to the mill rate, not the assessment.
- There needs to be a distinction made in the MGA between assessments for commercial farms and small farms.
- Building-intensive farming operations utilize many municipal services, which makes it unfair that they are wholly exempt from taxation.

Public Participation and Assessment Appeals

Assessment complaints and appeals

Comments from participants included that:

- Currently, most assessment disputes are resolved locally.
- Assessment complaints should be resolved within a shorter timeframe. Faster appeals would allow the property owner to focus attention on the appeal and allow municipalities more time for their assessment work.

Planning and Development

The following input was received and documented related to planning and development.

Fees and Levies

Fees and levies

Comments from participants included that:

- Municipalities need to be transparent and accountable in how they collect and use fees and levies.
- Offsite levies need to be used for cost recovery purposes, and not as an opportunity for additional municipal revenue.

Land Management and Planning Tools

Statutory plans and land use bylaws

Comments from participants included that:

- Local autonomy granted to municipalities in the MGA should be preserved.
 - The MGA should ensure that local municipal governments have the power to handle municipal issues, especially in light of provincial policies like the regional plans under the *Alberta Land Stewardship Act*.
- Simple changes in statutory plans or land-use bylaws that are not significant or controversial should not require a public hearing.
 - Simple changes could be made under the authority of a development officer.
- Rezoning should not have to be advertised and should not require public input if it does not impact neighbours (i.e., if developers are rezoning land to a less intensive use that is allowed within an existing plan).
- Changes to plans should be allowed without incurring fees if they are made before improvement construction begins.
- The MGA should outline timelines for developers to complete area structure plans, outline plans, and subdivision plans.

Subdivision and Development Authorities and Processes

Administrative decision-making processes

Comments from participants included that:

- There are serious financial consequences to developers when municipalities do not approve or review applications in a timely manner.
- Municipalities should be part of the licensing process for well drilling operations. The MGA should establish mandatory notification and require conversations prior to approval of a well site.
 - There is a disconnect between how federal land and provincial land are treated in regards to well drilling.
- When developers submit a plan to the municipality, they expect to receive comments in a reasonable time. Otherwise, the fee they paid when submitting the plan should be returned.
- Developers should receive a development permit procedure recommendation within 14 days.
 - If the development is not approved, the fee originally paid should be refunded.
- Servicing bylaws should replace development agreements. Servicing bylaws should not include items like professional fees or warranty work.
- Home builders should be able to employ certified building inspectors, rather than being required to use municipal inspectors.
 - There is concern that this would result in municipalities abdicating inspection responsibilities, but home builders believe that using certified building inspectors would “raise the bar” for the industry.

Land Dedication and Use of Reserves

Land dedication (reserves)

Comments from participants included that:

- The timelines and processes to make use of school reserves need to be defined more clearly.
 - The land set aside for school reserves is not always used as it was originally intended.
 - Some school sites are not developed, and are later changed to other public facilities. This causes controversy among residents.
 - School reserve land that is not used for a school should be returned to the developer.
- The percentage of municipal reserve should be reduced to five per cent of a new development.

Regional Approaches

Managing growth and development

Comments from participants included that:

- The *Alberta Land Stewardship Act* and regional planning documents should be focused on creating high-level plans. Instead, they are getting more exhaustive in including “must” conditions, making it increasingly difficult to keep local autonomy over land-use decisions.

Appendix A: Session Agenda

MGA Review: Business and Industry Session

Agenda Item	Timing
1. Welcome and introductions	9:00-9:10
2. Potential topics for discussion: The following topics will be available for table discussion: Governance and Administration <u>Subject 1: Municipal Powers, Structures, Annexations and Other Changes</u> <ul style="list-style-type: none"> • Municipal powers • Municipal structures • Fundamental changes and municipal restructuring <u>Subject 2: Municipal Governance and Administration</u> <ul style="list-style-type: none"> • Municipal governance • Municipal administration <u>Subject 3: Municipal Finances</u> <ul style="list-style-type: none"> • Financial administration • Regional funding approaches • Municipal revenue sources • Fees and levies <u>Subject 4: Municipal Accountability, Liability, and Risk Management</u> <ul style="list-style-type: none"> • Compliance and accountability • Liability and risk management • Provincial powers <u>Subject 5: Municipal Services and Delivery</u> <ul style="list-style-type: none"> • Service provisions • Regional services commissions • Municipally controlled corporations <u>Subject 6: Public Participation and Municipal Relations</u> <ul style="list-style-type: none"> • Municipal relationships and dispute resolution • Public participation • Municipal Government Board Assessment and Taxation <u>Subject 1: Taxation and Municipal Finances</u> <ul style="list-style-type: none"> • Taxation • Municipal revenue sources • Fees and levies <u>Subject 2: Exemptions from Assessment and Taxation</u> <ul style="list-style-type: none"> • Exemptions and other special tax treatment 	9:10-9:20

Agenda Item	Timing
<p>Assessment and Taxation Continued</p> <p><u>Subject 3: Market Value Equalized and Supplementary Assessment</u></p> <ul style="list-style-type: none"> • Market value assessment and administration • Equalized assessment • Progressive and supplementary assessment <p><u>Subject 4: Industrial and Agricultural Property Assessment</u></p> <ul style="list-style-type: none"> • Linear property assessment • Machinery and equipment property assessment • Transportation properties • Farm property assessment <p><u>Subject 5: Assessment Administration</u></p> <ul style="list-style-type: none"> • Assessment administration <p><u>Subject 6: Public Participation and Assessment Appeals</u></p> <ul style="list-style-type: none"> • Public participation • Assessment complaints and appeals • Municipal Government Board <p>Planning and Development</p> <p><u>Subject 1: Fees and Levies</u></p> <ul style="list-style-type: none"> • Fees and levies <p><u>Subject 2: Land Management and Planning Tools</u></p> <ul style="list-style-type: none"> • Statutory plans and land use bylaws <p><u>Subject 3: Subdivision and Development Authorities and Processes</u></p> <ul style="list-style-type: none"> • Planning authorities • Administrative decision-making processes <p><u>Subject 4: Land Dedication and Use of Reserves</u></p> <ul style="list-style-type: none"> • Land dedication (reserves) <p><u>Subject 5: Regional Approaches</u></p> <ul style="list-style-type: none"> • Municipal relationships and dispute resolution • Managing growth and development • Regional funding approaches <p><u>Subject 6: Public Participation and Planning Appeals</u></p> <ul style="list-style-type: none"> • Municipal Government Board • Public participation • Planning and inter-municipal appeals 	
<p>3. Change tables (if needed)</p>	<p>9:20-9:25</p>

Agenda Item	Timing										
<p>4. Table facilitation</p> <ul style="list-style-type: none"> ▪ Two topics will be prioritized for discussion for each block <table border="1" data-bbox="310 464 1156 701"> <tr> <td data-bbox="310 464 618 510">Block 1: 9:25-9:55</td> <td data-bbox="618 464 1156 510">Governance and Administration Topics</td> </tr> <tr> <td colspan="2" data-bbox="310 510 1156 556">Break (10 mins)</td> </tr> <tr> <td data-bbox="310 556 618 602">Block 2: 10:05-10:45</td> <td data-bbox="618 556 1156 602">Assessment and Taxation Topics</td> </tr> <tr> <td colspan="2" data-bbox="310 602 1156 648">Break (10 mins)</td> </tr> <tr> <td data-bbox="310 648 618 695">Block 3: 10:55-11:35</td> <td data-bbox="618 648 1156 695">Planning and Development Topics</td> </tr> </table> <ul style="list-style-type: none"> ▪ Discussion will focus on what is working well, desired changes, and potential impacts of changes to the legislation 	Block 1: 9:25-9:55	Governance and Administration Topics	Break (10 mins)		Block 2: 10:05-10:45	Assessment and Taxation Topics	Break (10 mins)		Block 3: 10:55-11:35	Planning and Development Topics	<p>9:25-11:35</p>
Block 1: 9:25-9:55	Governance and Administration Topics										
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Block 2: 10:05-10:45	Assessment and Taxation Topics										
Break (10 mins)											
Block 3: 10:55-11:35	Planning and Development Topics										
<p>5. Open discussion</p> <ul style="list-style-type: none"> ▪ Are there any other relevant topics participants want to address? 	<p>11:35-11:55</p>										
<p>6. Wrap-up</p>	<p>11:55-12:00</p>										