

Municipal Government Act Review

What We Heard: A Summary of Consultation Input

Governance and Administration Technical Session
Held in Vermilion on February 19, 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 Governance and Administration Technical Session held in Vermilion.

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	Governance and Administration Technical Session
Location	Vermilion Regional Centre, Vermilion
Date	February 19, 2014
Number of Participants	11

- 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

The following input was received and documented related to the MGA in general.

Comments from participants included that:

- Across the MGA there needs to be enforcement, consistency and clarity.
- There needs to be more clarity from Municipal Affairs to municipalities regarding interpretation of the MGA.
 - In the past, Municipal Affairs would give interpretations of the MGA to the municipality in response to inquiries, but this is no longer the case. Municipalities are instead advised to consult with their legal experts, and this process downloads cost and liability onto the municipality.

Governance and Administration

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

Municipal Powers, Structures, Annexations and Other Changes

Municipal structures

Comments from participants included that:

- The Province needs to step in and address the sustainability of small municipalities.
 - Long term planning is needed.
 - Small municipalities may need to be amalgamated into the surrounding municipal district, if necessary.
- City charters may be one solution to address issues unique to large urban centres.
- Rural areas also use services in small urban centres, so there needs to be a balanced approach that considers small as well as large urban municipalities.
- Structures, like specialized municipalities, might be more effective and sustainable.

Fundamental changes and municipal restructuring

Comments from participants included that:

- The annexation process is working well, for the most part.
 - The current requirements for annexation of contiguous boundaries and growth planning are working well.

- The dissolution process is currently not user friendly.
 - The MGA needs to include clearer guidelines for dissolution.
 - The focus in the dissolution process should be on what is best for communities.
 - The dissolution process is quite lengthy and does not always result in changes.
 - Collaboration between municipalities is necessary.
 - Rather than dissolution, regionalization or amalgamation might be the appropriate solution for struggling municipalities.
 - This would not necessarily require more money from the Province. The focus would be having “poorer” municipalities coming together to collaborate for the greater good.
 - However, dissolution should still be the choice of municipality. Amalgamation won’t work for everyone.
- The new MGA should work toward having fewer municipalities. It should provide incentives to encourage amalgamation and dissolution.

Municipal Governance and Administration

Municipal Governance

Comments from participants included that:

- Currently, internal governance structures, such as divisions and wards, don’t encourage elected officials to make decisions in the interest of the whole community
 - An “at-large” governance system for the whole municipality works better.
- More training is required to give elected officials more comprehensive knowledge of their new responsibilities, as well as those of the municipality.
 - There should be minimum qualifications to run for council, including training specific to the MGA and its impact on their role.
 - A “competency test” for potential elected officials might be needed. This would ensure more accountability.
 - More information should be provided for people considering running for council.
- A term maximum may be needed for elected officials. For example, a maximum of three four-year terms could be established.

Municipal Administration

Comments from participants included that:

- The guidelines in the MGA around roles and responsibilities may need to be clearer. Current interpretation is very diverse and sometimes haphazard.
 - The roles and responsibilities may need to be regulated and more consistent.
 - For example, the role of the chief administrative officer needs to be clarified.

Municipal Finances

Financial administration

Comments from participants included that:

- The MGA should facilitate longer-term budgets for municipalities.
 - For example, there could be rolling five-year budgets.
 - The MGA should encourage flexible long-term planning, but not mandate it.
 - Budgetary plans should be transparent to the public.

Regional funding approaches

Comments from participants included that:

- A principle of the new MGA should be to emphasize regionalization and collaboration. This would result in fewer municipalities and more cost sharing.
- Conflicting ideologies about growth between neighboring municipalities can sometimes prevent financial sustainability.
 - There may need to be a benchmark or trigger in the legislation in order to ensure regional collaboration takes place.
 - Incentives are needed for collaboration. This may be enabled through the MGA or by providing financial incentives.
 - Municipalities are responsible for infrastructure, but they need to collaborate with other municipalities. Benchmarks may help to ensure collaboration.
- The MGA should not provide for only regional funding. Some individual funding for municipalities to address shared issues is needed as well. Funding should be about the best way to meet needs, not just regional collaboration.
- A provincial role or formal position responsible for “regional stakeholder relations”, as well as closer ties with the Province and minister of Municipal Affairs would assist in the governance of the larger region.
- Service delivery mechanisms should require a “fair share” cost contribution from urban and rural municipalities.

Municipal revenue sources

Comments from participants included that:

- Measurement is needed to determine the sustainability of a municipality, such as an assessment of revenue per capita. Inter-municipal revenue sharing may be necessary to reduce disparity.
- The Province downloading certain responsibilities, such as health care, to the municipal level means municipalities require additional means of generating revenue. The MGA should outline new or additional tools.
 - More and more, it is becoming the responsibility of municipalities to ensure doctors, clinics and other aspects of health care remain available in the community.
 - For example, a hotel tax or tourism tax could be made available in the MGA.

- Municipalities need to be able to grow their reserves and investments, but still need limits and controls.
- There is too much attention and too many provincial funds devoted to Edmonton and Calgary. This distribution of funds needs to be much more equitable and needs to recognize the needs and hear the voices of all Albertans. There are many different needs and cultures that need to be considered in the MGA.

Municipal Accountability, Liability, and Risk Management

Compliance and accountability

Comments from participants included that:

- There need to be different processes for the chief administrative officer and council to be monitored.
 - The current system doesn't work, and creates a conflict of interest where councils or administrators are responsible for reporting on themselves.
 - The Province should bring back regular visits from Municipal Affairs advisors to municipalities.
 - The MGA needs to provide for enforcement of advisory reports.
 - More enforcement is needed to ensure municipal elected officials are complying with the MGA. If they don't comply, they should be reprimanded.
- There should be layers of routine monitoring and enforcement, and not just interventions during extreme situations. The Province needs to take preventative measures.
 - Compliance should be enforced no matter what is happening in the political realm.
- Some local authorities are not complying with assessment and taxation provisions within the MGA, and the Province isn't holding them accountable.
 - For example, in one municipality, the largest and most expensive building is assessed at a very low level, whereas in another town it would be assessed at a very high value. In that municipality, there is a minimum and maximum tax assessment in place that undermines the intention of the MGA, and is not fair to property owners.
- There needs to be a check and balance system, external from the municipality, to hold municipalities accountable.
 - The limited number of potential candidates for council in a small municipality makes it difficult to use the threat of not being re-elected as a mechanism to prevent councillors from abusing powers.

- Chief administrative officers are responsible for holding their councils accountable to the MGA, but the council has the power to fire the chief administrative officer. This creates a conflict of interest for the chief administrative officer.
 - The process of terminating a chief administrative officer should require presenting a case to Local Government Services. Then council and the chief administrative officer should be reviewed by the Province.
- There needs to be strong accountability from the municipalities to the Province.
- Municipal Affairs needs to hire more resources to fulfill their advisory role.
- There should be a mandatory process of publicly publishing and addressing the outcome of the managing letter from a municipal audit, whether the results are positive or negative.
 - The Province should intervene if the managing letter findings are negative and significant.
 - Private auditors need to be better regulated in order to manage costs and ensure quality.
- Assessment auditors need to be used much more often, and Municipal Affairs needs to educate municipalities on their existence, and how to use and access them.

Liability and risk management

Comments from participants included that:

- Currently, municipalities can't afford to delay signing off on insurance settlements that result from fraud because the municipality needs the funding to provide essential services.
- This can result in the municipality accepting settlements before the full extent of the fraud is revealed, which means they often collect much less than the full cost of the fraud.
 - The Province should set up a no-interest provincial fund to help municipalities meet their financial needs while resolving these insurance settlement issues.

Public Participation and Municipal Relations

Public participation

Comments from participants included that:

- There is no voice for industry in municipal decision-making, since businesses do not participate in elections.
 - Employees may represent industry, but only in a limited capacity.
 - There is currently no differentiation between the voices of big industry and small industry.
 - The MGA allows big industry to abuse the current system since they have more capacity to express their views.

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:

- Tax rates are inconsistent between municipalities. This is not working well for industries that cross municipal boundaries.
- Municipalities have the ability to raise the mill rate substantially for industrial property, but businesses can't vote out a council.
 - The non-residential mill rate should be linked to the residential mill rate. This would make municipalities more accountable to business and industry.
- There needs to be more clarity in the MGA about how section 347 on "tax forgiveness" (Cancellation, Reduction, Refund or Deferral of Taxes) should be used and how it will be regulated and enforced.
 - "Tax forgiveness" needs clearer definitions and intent before it can be regulated.
 - Currently, it is being misinterpreted and abused in some municipalities.
 - Municipalities are not complying with the provisions under the MGA. There needs to be better accountability for compliance to take place.
- The MGA could look to provincial-level taxation and distribution for linear properties.
 - Money would be better distributed province-wide, which would benefit the greater good.
 - This shouldn't be done on a population or per capita basis. A more comprehensive formula should be created that reflects the burdens incurred on the municipalities and their needs.

Market Value, Equalized and Supplementary Assessment

Market value assessment and administration

Comments from participants included that:

- The MGA needs to ensure fair and equitable taxation assessment provisions for all involved. This includes more consistent assessments of similar properties in different municipalities.
- Property tax based on market value assessments is working well in most municipalities.

Appendix A: Session Agenda

MGA Review: Governance and Administration Technical Session

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

Agenda Item	Timing
Change tables (if needed)	10:20-10:25
Table facilitation <ul style="list-style-type: none"> ▪ Up to three topics will be prioritized for discussion (~20 minutes each) ▪ Discussion will focus on what is working well, desired changes, and potential impacts of changes to the legislation 	10:25-11:35
Open discussion <ul style="list-style-type: none"> ▪ Are there any other relevant topics participants want to address? 	11:35-11:55
Wrap-up	11:55-12:00