

MGA Review Discussion Paper

Municipal Structures

This technical document is part of a series of draft discussion papers created by Municipal Affairs staff and stakeholders to prepare for the Municipal Government Act Review. It does not reflect existing or potential Government of Alberta policy directions. This document is the result of a careful review of what is currently included in the Municipal Government Act (MGA) and regulations, definitions of terms and processes, changes requested by stakeholders over the last 18 years, some highlights from other jurisdictions, and identification of potential topics for discussion during the MGA Review. This information will be used to prepare consultation materials as the MGA Review proceeds.

These discussion papers have been reviewed and approved by the MGA Stakeholder Advisory Committee, comprised of representatives from major stakeholder organizations: Alberta Association of Municipal and Counties, Alberta Association of Urban Municipalities, Alberta Rural Municipal Administrators Association, Alberta Chambers of Commerce, City of Calgary, City of Edmonton, and Local Government Association of Alberta.

The Government of Alberta is asking all Albertans to directly contribute to the MGA Review during online consultation in late 2013 and consultation sessions throughout Alberta in early 2014. This technical document is not intended for gathering stakeholder feedback, but to generate thought and discussion to prepare for the upcoming consultation. Public engagement materials will be available in early 2014. To learn more about how you can join the discussion on how we can build better communities, please visit mqareview.alberta.ca/get-involved.

Preamble

The *Municipal Government Act (MGA)* provides the legislative framework to guide the operations of municipalities in Alberta. The current *MGA* empowers municipalities with the authority and flexibility to provide services in the best interests of the community. The *MGA* Review will proceed along three major themes: *governance*; *assessment and taxation*; and *planning and development*.

This paper is one of 12 discussion papers exploring aspects related to the *governance* theme. It focuses on the municipal structure provisions within the *MGA*. The objective of each discussion paper is to

- 1) Outline the existing legislation,
- 2) Identify issues with specific aspects based on stakeholder requests
- 3) Look at how other jurisdictions are approaching these issues; and
- 4) Pose questions to help formulate future analysis of, as well as public and stakeholder engagement on the *MGA*.

Below is a list of the papers that relate to the governance theme.

- Municipal Powers
- Provincial Powers
- Municipal Structures
- Municipal Governance
- Municipal Administration
- Financial Administration
- Liability and Risk Management
- Service Provisions
- Controlled Corporations
- Regional Service Commissions
- Compliance and Accountability
- Special Areas and Improvement Districts

Municipal Structures

Municipal structures refer to how municipalities are classified (city, town, village, summer village, municipal district and specialized municipality). In Alberta structure is determined through population and density criteria required under the MGA for their designation and has very minimal relationship to how a municipality derives its authority and power. The *MGA* applies to all municipal structures, with special provisions for Special Areas and Improvement Districts¹. With the exception of provisions surrounding Regional Service Commissions, the MGA does not apply to Métis Settlements.

For the purposes of this paper, municipal structures are grouped into three categories: urban, municipal districts and specialized municipalities.

Urban: The four types of urban municipal structures have densities greater than municipal districts and are differentiated by population:

- Cities – a city may be designated for an area of more than 10,000 residents. Cities are the only municipal structure that has title to roads;
- Towns – a town may be designated for an area of more than 1,000 residents;
- Villages – a village may be designated for an area of more than 300 residents;
- Summer villages – can no longer be formed. The criteria for the formation of this type of municipal structure were not included in the 1995 *MGA*; however, summer villages formed prior to that time were allowed to maintain their municipal status. Historically, summer villages were intended for vacation use and consisted largely of non-permanent resident.

Municipal Districts: Municipal Districts² consist of rural areas and may be formed where the majority of the dwellings are on large parcels of land and there are more than 1,000 residents within the area.

Specialized Municipalities: A specialized municipality is a customized type of local government that is formed when other types of municipal structures do not reflect the local circumstances. Specialized municipalities are typified by a mix of urban and rural areas within a single municipal boundary and their formation order often reflects the local circumstances that necessitated their creation.

Under the current *MGA*, municipal districts and specialized municipalities may recognize communities within its boundaries by designating them as a hamlet. The property owners in a hamlet pay taxes to, and are governed by, the municipal district or specialized municipality. For designation, hamlets require a generally accepted boundary, name and a minimum of five small lot dwellings alongside non-residential uses.

¹ A separate paper on Special Areas and improvement districts addresses these two municipal structures.

² Some MD s have retained “County” in their name however, “Counties” ceased to formally exist with the repeal he County Act.

Discussion Points



Below are some identified discussion topics and questions based on a review of requested amendments, cross jurisdictional research and issues raised by stakeholders.

The requested amendments discussed below draw upon an inventory of requests received by the Province over the past 18 years. It is important to note these requests:

- i) do not necessarily represent the views of most Albertans;
- ii) do not necessarily apply to all municipalities; and
- iii) are categorized by policy topic, and have not been evaluated or ranked by number of requests received.

1. Municipal Structure, Capacity, and Viability

Background

Criteria for the formation of municipal structures in Alberta are defined by types (e.g. cities, towns, villages) which have largely remained unchanged in the past two decades – population size and density remain the major determinant factors. From an operational perspective, the municipal powers and obligations set out in the *MGA* generally apply consistently across all the municipal structure types with few differences. Historically, the Province determined grant funding based on a municipality's structure type, but in recent years has moved away from this method of funding. Many municipalities have retained their municipal structure type over time, regardless of whether they continue to meet the population and density criteria originally required for their formation.

Capacity and viability issues may be present in any type of municipal structure type and create challenges in how a municipality serves its citizens and manages its operations. This can have implications for neighbouring municipalities as some issues may affect a greater area (e.g. environmental stewardship).

Cross-jurisdictional Research

- British Columbia, Ontario and Quebec have a tiered system with significant differences in the roles and powers assigned to local and regional municipalities.
- Municipalities in Saskatchewan may choose between 3 different acts on the manner on which to be incorporated.
- The Province of Manitoba has introduced the *Municipal Modernization Act* which requires all municipalities with less than 1,000 people to amalgamate with an adjacent municipality.

Stakeholder and Legislative Amendment Requests

- Some parties have questioned if Summer Villages remain a necessary and relevant municipal structure type in Alberta.
- Concerns have been raised regarding the capacity of some municipal structure types to govern effectively and consequently, their impact on neighboring municipalities, and their viability as a municipal structure.

2. Creation of New Municipalities

Background

A Ministerial Order has been in effect since 2001 which states that no new municipalities can be formed.³ Under this Ministerial Order, the number of municipalities in Alberta can only decrease over time. In 2012, Alberta had 349 municipalities across eight types of municipal structure.

Stakeholder and Legislative amendment requests:

- Some communities feel they have a lack of autonomy over issues affecting them and would like the option of forming their own municipality.
- Some interest groups feel new urban municipalities are required to facilitate resource extraction in rural areas.
- Some municipalities feel the creation of new municipalities would create fragmentation within the Province.

3. Hamlets

Background

At times, friction may develop between a municipal council and hamlet residents who feel that their urban (hamlet) interests are not adequately addressed by the governing rural municipality. Conversely, rural municipal councils believe their decisions balance the needs of the entire municipality.

Stakeholder and Legislative Amendment Requests:

- Some hamlet residents have asked Municipal Affairs for autonomy over development in and near their hamlet.
- Some municipalities feel that hamlets exert too much influence.

³ Please note that this Ministerial Order could be altered or amended by a new Ministerial Order

Discussion Questions



1. *How should the MGA organize and define its municipal structures?*
 - a) What types of distinct authorities and responsibilities should be mandated for each different municipal structure types (e.g. title to roads and servicing standards, etc.)?
 - b) What types of thresholds should be applied to each municipal structure type? How should municipalities who fall below that threshold be addressed?
 - c) How should Hamlets be recognized under the *MGA*?
 - d) What consideration should be given to governance issues in hamlets, such as:
 - i. requiring the formation of a hamlet advisory committee on request of the hamlet residents?
 - ii. allowing hamlets to petition for a portion of funds to be spent in the hamlet on specific projects on an annual basis?
 - e) How should municipalities that dissolve and become hamlets be represented within their host municipality post-dissolution?

2. *When, if at all, should the Province allow the formation of new municipalities?*
 - a) What formation criteria should be considered if new municipalities are to be formed?