Municipal Government Act Review

What We Heard: A Summary of Consultation Input

Municipal Elected Officials Session
Held in Lethbridge on February 28, 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 Municipal Elected Officials 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	Municipal Elected Officials Session	
Location	Lethbridge Lodge, Lethbridge	
Date	February , 2014	
Number of Participants	35	

• This session was open to current municipal elected officials. 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 MGA's balance between being prescriptive and flexible works well.
- The MGA needs to link better with other provincial legislation. The MGA should cross reference other acts, where necessary.
- There are many different pieces of legislation that interact. It would work better if it these overlapping provisions were all within the MGA.
- The MGA should have "veto power" over other pieces of legislation when there is disagreement.
- There are many contradictory sections in the MGA that need to be addressed.
- The language in the MGA should be very clear to enable municipalities to defend their autonomy.
- It is costly for small municipalities to get legal advice if the MGA is not clear or comprehensive.
- The timelines for the MGA review seem aggressive.
- The MGA needs to promote better communication between the Province and municipal councils.

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:

- The Province needs to recognize municipalities as a distinct level of government within the revised MGA.
- The dynamic between the Province and municipalities needs to be more of an equal partnership.
 - The Province should not "dictate to" municipalities. The provincial-municipal relationship should not be like a parent-child relationship.
- Calgary and Edmonton should not get special powers in the future.
- Municipalities need more power to address power-line concerns.
- The process to rescind bylaws in Section 180 (Methods in which council may act) of the MGA needs to improve.

Municipal structures

- The revised MGA should recognize the needs of the different regions and various types of municipalities.
- The MGA needs to treat similar municipal structures fairly.
- There is disparity in the revenue sources available to different municipal structures.
 - Most small municipalities are too far from other communities to qualify for the Regional Collaboration Program under the Municipal Sustainability Initiative.
- Municipalities with seasonal populations should receive funding based on their high season population.
 - It is difficult to deliver services to a high season population when funding is based on the low season population. However, it currently isn't possible for municipalities to receive grant funding based on high season populations.
- An intergovernmental structure is needed for certain municipalities, such as Waterton, to enable coordination between municipal, provincial and federal jurisdictions.
- Towns should be based on a population size of 5,000.
- The definition of a hamlet needs to be updated.
- Municipalities should be able to define themselves as a hamlet at their own discretion.

Fundamental changes and municipal restructuring

Comments from participants included that:

- The Province needs to define what a viable community is and establish monitoring processes to ensure communities remain viable.
 - The MGA should provide details and reasonable standards to apply in viability studies, such as a financial "litmus test."
 - Municipal Affairs should offer incentives through the MGA for municipalities who remain viable.
 - The MGA should have a mechanism to dissolve non-viable municipalities before crisis.
- The current viability review process takes three years, which is too long.
- The MGA should be amended to allow amalgamation between municipalities without contiguous borders. Non-contiguous amalgamation would support municipal viability, particularly by allowing small urban municipalities to share services.
- There should be funding available for municipalities in transition, such as those that absorb other municipalities that have dissolved.
 - Municipalities feel that the Province is forcing amalgamation and dissolution without assisting with the associated costs.
 - If a municipal district is forced to absorb a small urban municipality, there should be contributions from all municipalities in the region to help manage the debt.
- When it comes to dissolution, the MGA needs to include feasibility guidelines so municipalities aren't financially burdened by absorbing dissolved municipalities.
- The MGA should require more rationale for why land needs to be annexed, especially if the land is industry-heavy and provides significant tax revenue.
- Urban municipalities should be required to develop land within their own boundaries before annexing more land.
- The MGA needs a mechanism like a "shotgun clause" that will offset annexation costs like those related to lost taxes and land area.
- Rural gas co-ops should be able to keep franchising and servicing rights when land is annexed.

Municipal Governance and Administration

Municipal governance

- The MGA needs to clearly outline the roles of councillors and administrators.
- There should be an official code of conduct document in the MGA that acts as a starting point for municipalities to make their own best practices.
- The MGA should include committee frameworks, templates and best practices for municipalities to reduce council inefficiencies.

- It would be helpful to have an online best practices archive available for elected officials.
- The municipal council should have the right to ask the chief administrative officer for more information so it may make informed decisions.
- Councillors should be required to take training on budgets, the MGA, meeting procedures and decision-making processes.
 - It is time-consuming and expensive to train new elected officials.
 - It would be helpful to have a basic "municipal officials for dummies" course or reference book available.
- The reeve of a municipality should be an elected position, similar to the mayor of a city.
- The reeve should be in place for a full 12-month period, rather than being appointed by council.
- The MGA should clarify how and when in camera sessions may be used.

Municipal Finances

Financial administration

Comments from participants included that:

- Access to stable and predictable funding is needed for planning and budgeting.
- The MGA should define more financial checks and balances for municipalities.
- A third party body should review the business plans of major projects for municipalities to ensure long-term viability.
- The MGA needs to outline more criteria for municipalities to plan for operational costs after capital projects are complete.
- Municipal Affairs needs to be much stricter about allowing municipalities to take on debt.
- Municipalities should be accountable for how they use linear assessment funds.

Regional funding approaches

- The MGA should provide a formula for cost sharing among municipalities that differentiates between formal cost sharing agreements and everyday business.
- Shared services should correlate to shared revenue.
- Regional partnerships work. They should be encouraged, but not mandated.
- It is good for the Province to support inter-municipal service agreements. Shared service agreements should provide incentives by offering municipalities the ability to leverage additional funding.
- Regional funding is problematic if municipalities can "bow out" of regional funding authorities.
- The current rules for regional services agreements are too loose.

- If municipalities want services through regional services agreements, they need to pay their share.
- Regional funding approaches must include First Nations through a dialogue with the federal government.
- The MGA should facilitate the process of bringing parties together from each municipality to discuss cost and revenue sharing agreements.
- Certain standards included as part of some agreements are not economical for smaller communities.
- The Regional Collaboration Program works reasonably well, but it isn't necessarily
 working as a "one size fits all" model. The Regional Collaboration Program doesn't
 meet all the needs of small towns and needs to be more flexible.
- Linear tax revenues should be shared among all municipalities.
 - There should be per capita funding available based on current census numbers from the Province.

Municipal revenue sources

Comments from participants included that:

- There needs to be a consistent formula for municipal funding from the Province that provides funds with "no strings attached."
- There should be checks and balances from the Province to ensure municipalities are accountable for how they collect funds.
- More local autonomy is needed, including local taxation powers and more revenue sources.
- Municipalities should have the ability to use their own sources of revenue for projects like road building.

Fees and levies

- The flexibility to create fees and levies is working well under the current MGA.
- There is concern that a business revitalization levy may place an undue burden on businesses.

Municipal Accountability, Liability, and Risk Management

Compliance and accountability

Comments from participants included that:

- The term "good faith" needs to be defined in the MGA.
- A provincial mechanism is needed to intervene when council is not in compliance with the MGA.
- More tools are needed that ensure municipal compliance and accountability, such as arbitration, mediation or an ombudsman.
- The MGA needs to establish more concrete consequences when council is not in compliance.

Liability and risk management

Comments from participants included that:

• A "no fault" clause should be added to the MGA to avoid unnecessary liability for municipalities.

Provincial powers

Comments from participants included that:

- The MGA needs a section outlining the Province's duty to consult with municipalities.
 This should detail when the Province is required to consult with municipalities, and how the records of feedback received will be handled.
- In the MGA, it is unclear where the reach of municipal powers ends and provincial jurisdiction begins.

Municipal Services and Delivery

Service provisions

- The MGA needs to clearly define what services must be provided by municipalities.
 However, more defined service expectations need to be matched with appropriate funding from the Province.
- Services provided by a municipality should rest in the power and jurisdiction of the municipality.
- Ambulance service delivery needs to be returned back to the municipality.
- It is challenging for municipalities located within a federal reserve. The Province determines funding, but certain service levels are required by the federal government.

Public Participation and Municipal Relations

Municipal relationships and dispute resolution

Comments from participants included that:

- The MGA should be clearer so that no third party is required to assist with disputes.
- The MGA needs to be mindful of regional collaboration. The current system promotes a competitive mentality, whereas collaboration is more appropriate.
- The Province should provide a dispute resolution body to help municipalities with disagreements.
- The MGA needs to include a better process for urban and rural conflict to be mitigated.
- Regional cooperation needs to remain voluntary.

Public participation

- The role of councillors and how they may engage with the public should be clarified in the MGA.
 - Increased freedom for councillors to discuss issues ahead of public process meetings would be helpful.

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:

- Municipalities need flexibility to determine what taxation ratio and assessment subclasses work best for them.
- The ability under the MGA to provide tax incentives would be beneficial. The MGA should be more flexible in this regard.
- The MGA should consider implementing the production-based taxation approach.
- There should be a provincial audit to maintain consistent levels of taxation across the Province.
- Municipalities should be able to tax on non-designated land.
- Assessment differences between municipalities drive inequitable differences in mill rates.
- The ability to split tax rates is needed for municipalities to distinguish in taxation between "mom and pop" businesses and large corporations.
- The MGA should provide the ability to impose business tax on farm property assessments.

Exemptions from Assessment and Taxation

Exemptions and other special tax treatment

- The MGA needs to explicitly define what is taxable and what is not taxable.
- Current exemptions in the MGA negatively affect the ability of rural municipalities to collect funds where the municipality is "farming heavy" with little industrial development.
- Public facilities, like hospitals, and private companies within public facilities should both be taxed.

Market Value, Equalized and Supplementary Assessment

Market value assessment and administration

Comments from participants included that:

- The MGA should require market value assessment of all property within urban boundaries.
- Market value assessment for some property types may not be appropriate because swings in sales make the value unrealistic.

Equalized assessment

Comments from participants included that:

- The Province should collect education property tax, as it is a burden for municipalities to collect. If municipalities must continue to collect this tax, the Province should provide compensation to them.
- Where education property taxes are uncollectible, that portion of education taxes should not be required to be remitted to the Province.
- Education property tax should be lowered.
- If municipalities collect education property taxes, they should be used for the benefit of the community in which they are collected.
- Education taxes are not currently levied on machinery and equipment because not every municipality taxes machinery and equipment.

Industrial and Agricultural Property Assessment

Linear property assessment

Comments from participants included that:

- Linear property and depreciation are currently being assessed accurately.
- Linear assessment preparation needs to be more transparent in the revised MGA.
- Funds collected from linear assessments should be shared on a voluntary basis.
- There should be more compensation back to municipality for windmills.
- Wind turbines assessment notices should be sent to the operator of the turbine.
- Abandoned pipelines require much better regulations to direct cleanup efforts.

Machinery and equipment property assessment

- Regulated properties like refineries should not be reduced in value from their original project cost.
- Urban municipalities should tax machinery and equipment within their boundaries rather than receive a greater share of linear property taxes.
- There should be no immediate depreciation applied to machinery and equipment.

 Municipalities should be able to choose whether or not to tax machinery and equipment.

Farm property assessment

Comments from participants included that:

- Farm buildings should be assessed and taxed in rural municipalities.
 - If farms are assessed at full market value, farmers will be penalized for building under previous rules.
 - One option could be to assess all classes of land at market value and give councils authority to distribute the tax burden using split mill rates.
- The MGA should more clearly distinguish between farming operations and commercial operations.
- Different types of farms should be defined in the MGA, so that the MGA includes classifications such as "small crop grower" and "feed lot operator."

Assessment Administration

Assessment administration

Comments from participants included that:

- The current assessment administration model works well.
- There should be a mechanism in the MGA to ensure consistent assessment practices are implemented across the province.
- The MGA is not clear about how to assess residential property improved for handicap accessibility.

Public Participation and Assessment Appeals

Assessment complaints and appeals

- There should be resources for smaller municipalities to draw from to address their complaints besides the composite assessment review boards.
- The MGA should include options like arbitration and mediation as a part of the complaints and appeals process.
- The MGA should allow municipalities to combine multiple complaints on the same issue into one in order to conserve resources. There are instances where property owners are filing multiple complaints on identical issues.
- Overall, the system is working well and is fair, though it is recognized that some citizens would disagree and feel the existing system is unfair.

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:

- The scope of items that fees and levies can be applied to should be expanded to include large infrastructure projects like fire halls.
- There needs to be a mechanism in the MGA to offset infrastructure costs imposed by growth.
- Offsite levies can be a tool for municipalities to encourage development according to development plans.
- The offsite levy system works well from a rural perspective.

Land Management and Planning Tools

Statutory plans and land use bylaws

- The MGA should allow for more municipal autonomy in regards to land-use planning. Generally, municipalities are more informed on how to best use their land.
- There needs to be a stronger link between statutory plans and land-use bylaws.
 Statutory plans and land-use applications do not always align.
- The "must" language used in Sections 640 (Land Use Bylaw) and 619 (NRCB, ERCB, AEUB or AUC Authorizations) of the MGA circumvents public process by allowing the Province to establish appropriate land use.
- Heritage buildings should not be required to meet current safety building codes.
- Subdivision development rules are working fine.
- There should be a requirement in the MGA for a five-year or periodic review of land use bylaws.
- The provision for intermunicipal development plans is good and should stay in the MGA. However, intermunicipal development plans are not ideal if one of the neighbouring municipalities doesn't sign on.
- Municipalities need to be on equal footing when negotiating intermunicipal development plans.

<u>Subdivision and Development Authorities and Processes</u>

Planning authorities

Comments from participants included that:

Subdivision and development appeal boards are working well.

Administrative decision-making processes

Comments from participants included that:

- Erosion of local authority over planning decisions is a problem. For example, all oil and gas development is under provincial jurisdiction.
 - Urban municipalities would like the authority to approve or deny oil and gas development within their boundaries.
- Municipalities should have the power to approve the development of oil and gas wells within their boundaries.
- Municipalities should be able to require proponents to undertake an environmental assessment prior to development approval.

Land Dedication and Use of Reserves

Land dedication (reserves)

Comments from participants included that:

- The allowable uses for cash-in-lieu of reserves should be expanded to include things like operating expenses.
- The ability for municipalities to receive cash-in-lieu of reserves should be maintained in the MGA.
- There needs to be a distinction between urban and rural municipalities in regards to different triggers for funding in lieu of reserves.
- Municipalities should be able to create gravel reserves.

Regional Approaches

Managing growth and development

- Calgary and Edmonton should not have veto powers on their regional boards.
- The provisions of the MGA need to have a higher profile within provincial policies, such as the *Alberta Land Stewardship Act*, and the Capital Region Board.
- The MGA should not allow for any "veto powers" once there is commitment made to a regional plan.
- Regional planning is working well for rural municipalities that are not located near large urban municipalities.

- It is working well that the MGA allows regional planning to be funded by per capita requisitions.
- Regional planning resources, such as the Old Man River Regional Service Commission, provide planning consistency and coordination across different regions.
- Sharing land mapping tools between municipalities is working well.
- How the South Saskatchewan Regional Plan under *Alberta Land Stewardship Act* interacts with the MGA should be clarified.
 - E.g. the South Saskatchewan Regional Plan should not trump the MGA.
- Managing growth and development is becoming increasingly difficult because of urban sprawl. The MGA should protect land from urban sprawl.
- Agricultural land should be fragmented to allow people to buy quarter sections that are not contiguous with one another.
- Provincial directives to cooperate on certain services, like the *Water for Life* strategy, are not always equitable.
- The MGA needs to enable water-use planning at the provincial level. If planning for water use is left at a municipal level, it will create many arguments.
- The MGA needs to provide more guidance around floodplains, floodways and land use.

Public Participation and Planning Appeals

Municipal Government Board

Comments from participants included that:

 The Municipal Government Board should have the capability to mediate disputes between municipalities.

Public participation

- It is good that the MGA allows council to delegate the setting of public hearing dates to the chief administrative officer. This allows for more timely decisions.
- The MGA currently provides enough tools for public participation.
- It is working well that the MGA allows solicitation of public input on land use bylaws.

Appendix A: Session Agenda

MGA Review: Elected Officials Session

Agenda Item			Timing
1. Welcome and introdu	ıctions		10:00- 10:15
2. Potential topics for description of the following topics will be a Governance and Administration Municipal powers Municipal structures Fundamental changes and municipal restructuring Municipal governance Municipal administration Financial administration Financial administration Regional funding approaches Municipal revenue sources Fees and levies Compliance and accountability Liability and risk management Provincial powers Service provisions Regional services commissions Municipally controlled corporations Municipal relationships and dispute resolution Public participation Municipal Government Board	iscussion: available at table discussions: Assessment and Taxation Taxation Municipal revenue sources Fees and levies Exemptions and other special tax treatment Market value assessment and administration Equalized assessment Progressive and supplementary assessment Linear property assessment Machinery and equipment property assessment Transportation properties Farm property assessment Assessment Assessment Assessment Assessment Assessment Machinistration Public participation Assessment complaints and appeals Municipal Government Board	Planning and Development Fees and levies Statutory plans and land use bylaws Planning authorities Administrative decision-making processes Land dedication (reserves) Municipal relationships and dispute resolution Managing growth and development Regional funding approaches Municipal Government Board Public participation Planning and intermunicipal appeals	10:15- 10:45

Agenda Item				Timing		
3.	3. Table Facilitation					
	Block 1: 10:45-11:45	Governance and Administration Topics				
		Lunch (1 hour)				
	Block 2: 12:45-1:45	Assessment and Taxation Topics		10:45- 3:00		
	Break (15 min)					
	Block 3: 2:00-3:00	Planning and Development Topics				
	 Discussion will focus on what is working well, desired changes, and potential impacts of changes to the legislation 					
4.	Break			3:00-3:15		
5.	Open discussion					
	Are there any other relevant topics participants want to address?					
6.	Wrap-up			3:45-4:00		