

Municipal Government Act Review

What We Heard: A Summary of Consultation Input

Business and Industry Session
Held in Medicine Hat on April 15, 2014

Released on June 24, 2014

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 Medicine Hat.

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 | Southside Events Centre, Medicine Hat |
| Date | April 15, 2014 |
| Number of Participants | 6 |

- 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 overall structure of the MGA needs to be clear and transparent so it is easy for elected officials to understand, independent of their administration.
- The MGA needs to be consistent across the whole document so no sections are contradictory.
- The MGA should be updated more frequently. However, the document is huge, and changes to one area impact the rest of the MGA, so frequent, partial reviews might not work.
 - There should be an ongoing review of the guidelines and regulations in addition to major reviews of the MGA at long intervals.
 - The way that financial administration and growth in the province have changed mean the MGA is out of date.
- There should be clearer processes for municipalities and others to access best practices identified by Municipal Affairs.
- The flexibility in the current MGA is good, but more clarity would lead to more consistency in implementation across municipalities. More consistency would level the playing field for municipalities who compete against each other.

Governance and Administration

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

Municipal Powers, Structures, Annexations and Other Changes

Fundamental changes and municipal restructuring

Comments from participants included that:

- Municipalities sharing boundaries should be required to amalgamate after reaching a certain trigger point defined in the MGA.
- Amalgamated regional municipalities would eliminate the need for cooperative regional funding.
- Amalgamation isn't the only option to resolve regional issues. There can be other mechanisms for sharing resources.

Municipal Finances

Financial administration

Comments from participants included that:

- Municipalities should be required to account for the taxes and fees for land held for development.
 - Developers are bearing costs of property taxes that are not required by municipalities on land they hold for development. This is unfair for developers.
- If municipalities are involved in land or other development, or any other commercial initiative, there needs to be transparency through financial reporting to safeguard competitiveness.

Fees and levies

Comments from participants included that:

- There is not enough guidance in the current MGA for the use of fees and levies. There need to be clearer powers established.
 - The application of fees and levies is very inconsistent across municipalities.
 - A fees and levies template for municipalities to use would be helpful.
 - There need to be restrictions on what fees and levies municipalities can charge to protect citizens.

- There needs to be more clarity around categories, timelines and tracking of funds for fees and levies.
 - There needs to be clarity in the MGA about the level of detail required to demonstrate how funds from fees and levies were used. This would help ensure better accountability.
- Stricter monitoring would make the rationale for decisions around fees and levies clear.

Municipal Accountability, Liability, and Risk Management

Compliance and accountability

Comments from participants included that:

- Municipalities should be required to conduct regular provincial or third party reviews to ensure compliance to the MGA.
 - If municipalities were following the intentions of the MGA, the legislation would require fewer changes and adjustments.
- Stakeholders should be able to appeal to an independent third party if there are issues with municipal compliance to the MGA.
- A dispute resolution process would be helpful to address situations of non-compliance.

Municipal Services and Delivery

Service provisions

Comments from participants included that:

- There should be guidelines in the MGA as to what services municipalities can decide to provide or not provide.
- The MGA should outline services municipalities must provide and categories of service that municipalities may provide as a corporate entity.

Municipally controlled corporations

Comments from participants included that:

- The MGA should contain guidelines regarding the kind of corporate entities a municipality can hold.
 - Competition needs to be equitable when a municipally controlled corporation competes with other businesses.
 - There might need to be different governance models than what is currently available for corporate municipality entities.

Public Participation and Municipal Relations

Public participation

Comments from participants included that:

- Without an electoral vote, businesses don't have a voice in determining tax rates.
- Municipalities should be required to develop a plan for how they will engage the public that includes principles, timelines and different mechanisms.

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 a balance between residential and non-residential property taxes.
 - There needs to be a maximum ratio between residential and non-residential property tax rates.
 - There needs to be justification associated with any cap or ratio applied to residential and non-residential tax rates.

Municipal revenue sources

Comments from participants included that:

- It doesn't make sense for municipalities to pay taxes to themselves, since this creates extra layers of administration. Municipalities could provide a grant in lieu of taxes.
- The MGA should encourage municipalities to be more creative in finding other ways to raise revenue.

Exemptions from Assessment and Taxation

Exemptions and other special tax treatment

Comments from participants included that:

- The ability to provide tax exemptions needs to be protected, but made clearer.
 - There needs to be more clarity in the MGA around exemptions for business.
 - The MGA is being interpreted very differently in different municipalities.
- Exemptions can create counterproductive competition between municipalities.
 - Consistent "sunset clauses" and other common rules and best practices would help mitigate competition.

Market Value, Equalized and Supplementary Assessment

Market value assessment and administration

Comments from participants included that:

- There need to be defined criteria for segmentation that are consistent across the province, and which consider use types, age and condition of properties.

- Property age is missing as a market value assessment criterion. Depreciation needs to be factored in.
- The MGA should add options such as sales assessment and accredited approval.

Assessment Administration

Assessment administration

Comments from participants included that:

- There shouldn't be fees for property owners to access assessment information relevant to their property.
- Assessment provisions needs to be more prescriptive in the MGA. Processes need to be more consistent to minimize individual assessor's preference or perceived bias.
- There is concern about prescribing assessment processes in the MGA, when there is a body of work supporting assessment that is bigger than the MGA.
- There should be more clarity about the municipalities' ability to choose from three assessment approaches based on what is most appropriate.

Public Participation and Assessment Appeals

Assessment complaints and appeals

Comments from participants included that:

- Timelines for assessment processes and appeals need to be lengthened. For example, the two year cycle used in Manitoba is a best practice.
- More responsibility needs to be placed on the assessor for providing information and meeting timelines to ensure equity for both the appellant and the assessor.
- Appeals should deal with the property itself, not a mass appraisal.
- Professional appraisers' assessments should count and given weight as evidence in appeals.
- Regional or provincial boards that are not appointed by municipalities should replace composite assessment review boards and local assessment review boards.
 - The MGA should ensure there is no partiality or conflict of interest through membership requirements
 - There needs to be a clear definition of "conflict of interest".
 - There are voluntary regional boards in some areas, such as in the Red Deer region.
- There should have to be three members of a composite assessment review board present for an appeal hearing reading to go ahead.

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:

- There should be caps on how much municipalities can increase fees and off-site levies.
- Developers ultimately pass on the costs of fees and levies to the end user. Municipalities need to understand that it's their citizens who end up paying the fees and levies.
- Developers need to be included in the decision-making process around fees and levies so there is transparency.
- Off-site levy review should be tied to council cycles.
- There needs to be tight timelines for revisiting cost and scope of off-site levies on development projects.

Land Management and Planning Tools

Statutory plans and land use bylaws

Comments from participants included that:

- The hierarchy of plans under the MGA is complex, and plans are contradictory.
 - There should be a requirement that municipal plans are in alignment and are clearly connected.
 - There is no mechanism to address plans that are in conflict with each other. The current challenge process isn't sufficient, and needs to include council.
 - An ombudsman or alternative dispute resolution process could address conflict between plans.
- Voluntary intermunicipal development plan processes are a challenge when municipalities don't want to collaborate.
 - Intermunicipal development plans should be required under the MGA.
 - There is concern about mandating these plans.
- A review of intermunicipal development plans should be required every five years from the date of the bylaw to ensure plans are responsible and promote growth.
 - The review cycle should be every four years to align with the local election cycle.

- There need to be stricter guidelines on what can be included in development agreements.
 - For example, securities, unrelated infrastructure development oversizing, and recovery should be addressed in development agreements.
 - Provisions for development agreements should be required to be included in bylaws to ensure municipal compliance.
 - More consistency across municipalities is needed regarding what is included in agreements and how they are applied.
 - A template for the agreements would be helpful to ensure consistency.
 - The MGA should include specific requirements for developers. For example, depth of asphalt should be specified.

Subdivision and Development Authorities and Processes

Planning authorities

Comments from participants included that:

- There needs to be more clarity around the roles and mandates of all of the different bodies involved in planning decisions.
- There may need to be a decision-making body, removed from the political process that would make professional decisions.

Administrative decision-making processes

Comments from participants included that:

- Interpretation of building codes needs to be monitored at the provincial level. There needs to be more oversight to ensure consistency and compliance with codes.

Land Dedication and Use of Reserves

Land dedication (reserves)

Comments from participants included that:

- Municipal reserve requirements are not appropriate. There should be justification for the required amount.
- The land reserve process with school boards is not working.
 - School boards are requesting more land than needed.
 - A five per cent requirement for combined school and municipal reserves would be more appropriate for current needs.
 - Current population demographics mean fewer schools are needed.
 - There should be some cost or responsibility for school boards to encourage appropriate land use.

- School boards should be required to make a robust cause to justify their requests for land and cover some of the upfront costs for development and services. This would ensure school boards are accountable for the land they request.
- The minimum school reserve requirement should be smaller, and then school boards can negotiate for more, if needed.
- School boards should receive funding from the Province to buy land for schools and then take full responsibility for that land.
- There needs to be a better way of dealing with the land that school boards decide not to develop into schools. This land shouldn't be the school boards' property to sell.
- Environmental reserve definitions need to be clearer in the new MGA.

Regional Approaches

Municipal relationships and dispute resolution

Comments from participants included that:

- A municipal ombudsman could provide advice and interpretation of the MGA to municipalities, organizations or individuals when conflicting interpretations arise.
 - An ombudsman would provide a step prior to dispute resolution, and may reduce the need for some court cases. Procedural issues could also be addressed outside the legal system.
 - Even if not legally binding, a recognized body could provide weight to a decision, as with a judicial review, for instance.
- There needs to be a process for alternative dispute resolution for municipalities.
 - There need to be steps leading up to the court system for dispute resolution.
 - An alternative to the courts for dispute resolution would minimize costs and administration.

Managing growth and development

Comments from participants included that:

- The Province should be more involved in the growth of smaller municipalities.
 - For example, the Province should be involved in setting the ratio of land a municipality can hold.
- Greater oversight should not be put in place to manage municipalities. Instead, more clarity and certainty should be provided to developers.
- Regional planning commissions could address issues of coordination between municipalities.
- Municipal land sales don't include all factors in selling prices. For example, property taxes aren't included.
- Municipalities holding land is driving up costs of land, resulting in lower density. This restricts developers' ability to develop and impacts affordability.
- Municipalities should be allowed to bank land.

- The MGA should clarify the municipal role in ensuring sustainable development. The MGA should provide principles to guide municipalities, and emphasize corporate social responsibility.
- Interpreting provincial direction on building safety codes across the province is an issue that creates inconsistency for developers.
 - The MGA should include mechanisms to address this.
 - Regional consistency would be beneficial, maybe through regional boards.

Regional funding approaches

Comments from participants included that:

- Voluntary sharing of regional funding isn't working well. There should be mandatory cost sharing between benefitting parties.
- There is inefficient duplication of services between municipalities. In these situations, there could be a trigger for the Province to intervene to force collaboration or dissolution if one municipality can't afford to contribute.
- The balance of how much regional collaboration to mandate at the provincial level is a challenge.

Appendix A: Session Agenda

MGA Review: Business and Industry Session

| Agenda Item | Timing |
|---|------------------|
| <p>1. Welcome and introductions</p> | <p>9:00-9:10</p> |
| <p>2. Potential topics for discussion: The following topics will be available for table discussion:</p> <p>Governance and Administration</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 <p>Assessment and Taxation</p> <p><u>Subject 1: Taxation and Municipal Finances</u></p> <ul style="list-style-type: none"> • Taxation • Municipal revenue sources • Fees and levies | <p>9:10-9:20</p> |

| Agenda Item | Timing |
|---|------------------|
| <p>Assessment and Taxation Continued</p> <p><u>Subject 2: Exemptions from Assessment and Taxation</u></p> <ul style="list-style-type: none"> • Exemptions and other special tax treatment <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="310 485 1157 730"> <tr> <td data-bbox="310 485 618 533">Block 1: 9:25-9:55</td> <td data-bbox="618 485 1157 533">Governance and Administration Topics</td> </tr> <tr> <td colspan="2" data-bbox="310 533 1157 583" style="text-align: center;"><i>Break (10 mins)</i></td> </tr> <tr> <td data-bbox="310 583 618 632">Block 2: 10:05-10:45</td> <td data-bbox="618 583 1157 632">Assessment and Taxation Topics</td> </tr> <tr> <td colspan="2" data-bbox="310 632 1157 682" style="text-align: center;"><i>Break (10 mins)</i></td> </tr> <tr> <td data-bbox="310 682 618 730">Block 3: 10:55-11:35</td> <td data-bbox="618 682 1157 730">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 | <i>Break (10 mins)</i> | | Block 2: 10:05-10:45 | Assessment and Taxation Topics | <i>Break (10 mins)</i> | | Block 3: 10:55-11:35 | Planning and Development Topics | 9:25-11:35 |
| Block 1: 9:25-9:55 | Governance and Administration Topics | | | | | | | | | | |
| <i>Break (10 mins)</i> | | | | | | | | | | | |
| Block 2: 10:05-10:45 | Assessment and Taxation Topics | | | | | | | | | | |
| <i>Break (10 mins)</i> | | | | | | | | | | | |
| 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? | 11:35-11:55 | | | | | | | | | | |
| <p>6. Wrap-up</p> | 11:55-12:00 | | | | | | | | | | |