

# Municipal Government Act Review

## What We Heard: A Summary of Consultation Input

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Business and Industry Session  
Held in Red Deer on March 13, 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 Red Deer.

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](mailto: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](http://mgareview.alberta.ca)), the MGA Review Consultation Workbook, and official submissions.

## Session Overview

<b>Session</b>	Business and Industry Session
<b>Location</b>	Westerner Park, Red Deer
<b>Date</b>	March 20, 2014
<b>Number of Participants</b>	17

- 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:

- Increased clarity and other changes to the MGA won't be meaningful without additional funding from the Province to support municipalities.
- The MGA needs to address major problems for municipalities. Smaller issues can be addressed through relationships, and don't need to be a focus of the MGA.

### 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 MGA should address jurisdictional overlap.
  - The MGA should speak to federal jurisdiction and powers and when those powers supersede that of municipalities.
  - There have been issues between the Canadian Radio-television and Telecommunications Commission (CRTC) and municipalities.
  - Municipal bylaws can supersede provincial law. For example, Alberta Gaming and Liquor Commission or smoking laws can be superseded. This gives municipalities too much power.
  - Municipalities have jurisdiction over some items that should be at the provincial level. For example, Alberta Health could be responsible for water fluoridation.
- Social policy decisions should happen at the municipal level and not the provincial level. Municipalities would need more funding to support this responsibility.
- The MGA enables municipalities to distribute funds to low-income seniors and ensures good quality of life.
- Municipalities are empowered to make decisions based on community needs. However, some issues, such as housing, need federal and provincial support.
- Municipalities should have a mechanism to give them power to address abandonment and reclamation of old oil wells.
- Municipalities need a means to address development conflict between two different parties, like oil and gas interests and water or sewer infrastructure.

- Municipalities need to have well-considered caveats on what approvals that they can enforce if they need to.
- Big city charters should be a vehicle for control of the entire province.
- There needs to be clarity about how civic charters would impact everyone in the province.

### ***Municipal structures***

Comments from participants included that:

- Mid-size and small municipalities have unique needs, and must also be viable.
  - The Province should invest in mid-size educational institutions to grow these communities.

### ***Fundamental changes and municipal restructuring***

Comments from participants included that:

- Amalgamation should be driven by municipalities, not pushed from the Province.
- The root problems to sustainability are inadequate resources and capacity.
- The MGA needs to preserve the identity of smaller municipalities that aren't sustainable.
- The MGA needs more clarity about who provides services after annexation. There is a big impact on existing service providers when land is annexed.

## **Municipal Finances**

### ***Financial administration***

Comments from participants included that:

- Currently, there are two different models for reporting the debt limit, which contributes towards unfair comparisons.
  - For example, municipalities can set up a commission to get debt off their own books.
  - Municipalities across the province should use the same model to report debt, whether or not they have municipally controlled corporations.
- The Province is encouraging a higher debt load. Municipalities generally don't want to be responsible for higher debt limits.
- The public does not always understand how the debt of a municipality impacts them as citizens. Usually only a small portion of debt has an impact on taxpayers, yet citizens panic when they see large amounts of debt being carried by their municipality.

### ***Regional funding approaches***

Comments from participants included that:

- Regional funding is important and should be continued.
  - Working with incentives is ideal, as they help promote positive voluntary agreements.
  - Regional funding should benefit all parties and not give advantage to one over another.
- Regional collaboration provides a group of municipalities with the ability to access more funding; however, disparity between communities becomes problematic.
  - Small towns can lose their structure and voice in regional agreements. Sometimes small towns are being forced to take part in regional funding arrangements without input on the costs.

### ***Municipal revenue sources***

Comments from participants included that:

- There is too much disparity between revenue for rural and urban municipalities.
- The flexibility for each municipality to address their resource issues in a different way needs to remain in the MGA.
- The current funding structure creates competition between municipalities, not collaboration.
- Municipalities don't need more revenue streams, as this would just amount to tax grabs from the same taxpayer. Instead, municipalities need long-term, reliable grants from the Province.
- Municipalities need more funding to meet needs in their communities. The only tool available to them is higher taxes, which is not a sustainable revenue option.
- The MGA should not put limitations like public-private partnerships onto municipalities. There is no evidence to support the success of these partnerships.
- Municipalities would need a higher debt limit to invest in public-private partnerships.
- The provincial and federal governments are downloading responsibilities, such as housing, to municipalities without providing as much funding. As a result, municipalities need more revenue and pass increased costs onto developers.
- The loss of Municipal Sustainability Initiative grants has a huge impact on municipalities. Municipalities need sustainable operational funding.
- Municipalities would like to see more incentives for brown field development.
  - Incentives would help offset the cost of reclamation.
  - There should be opportunity for developers to reclaim some of the cost of land studies when they state that there is no contamination.

## Municipal Accountability, Liability, and Risk Management

### ***Compliance and accountability***

Comments from participants included that:

- If rules aren't applied properly, the only way to enforce them is through the Municipal Government Board.
- Having highly trained and qualified ombudsmen would be useful.

## Municipal Services and Delivery

### ***Municipally Controlled Corporations***

Comments from participants included that:

- If municipally controlled corporations are making a profit, they should be reporting it to the general public to promote transparency and accountability.

## Public Participation and Municipal Relations

### ***Municipal relationships and dispute resolution***

Comments from participants included that:

- There is not enough structure in the MGA around options for regional collaboration.
- Municipalities need a clear way to get out of a regional arrangement if it's not working.
- Municipalities don't want to be forced into either collaboration or amalgamation. These concerns discourage municipalities from participating in regional initiatives.
- Collaboration under the MGA is working well. For example, disaster services collaboration provides resources and a common approach.

### ***Public participation***

Comments from participants included that:

- The MGA doesn't require public participation for some things that it should. For example, public participation is not required for a bylaw regarding municipal staff that impacts the public.
- The participation of the public does not add value to the decision making process. Municipalities need the ability to bypass the public participation process in some cases.
- Businesses should have the opportunity to be an involved stakeholder.
- There needs to be education for the public about how growth works, who needs to contribute and why.

***Municipal Government Board***

Comments from participants included that:

- The Municipal Government Board is awkward, slow and cumbersome. There should be mechanisms before getting to the Municipal Government Board to help parties resolve conflicts in alternative ways.
  - There should be an inspector present at negotiations who has expertise in mediation.
  - Holding a judicial review before getting to the Municipal Government Board could make sense.

## **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 tie between the residential and non-residential property tax rates.
  - This would stop municipalities from using non-residential tax funds to fill budget shortfalls.
- There needs to be a level of service to industry that reflects the tax rate in order to ensure equity.
  - When a municipality has economic issues, business tax tends to “take the hit.”
- The well drilling equipment tax is inequitable under the MGA. This results in double taxation, as road use agreements tax the same thing. The tax is also not always used for what it was intended.

### Exemptions from Assessment and Taxation

#### ***Exemptions and other special tax treatment***

Comments from participants included that:

- The language in the MGA needs to clarify what is meant by “ownership.” For example, language should be clarified in Section 362 (Exemptions for Government, churches and other bodies) of the MGA.
- Churches should pay taxes. The subsidy for these organizations may be more appropriate at the provincial or federal levels.

## Market Value, Equalized and Supplementary Assessment

### ***Market value assessment and administration***

Comments from participants included that:

- Market value assessment is expensive to administer.

### ***Equalized assessment***

Comments from participants included that:

- Municipalities have to wait for the education tax amounts from the Province before they can finalize their local planning, as they consider that amount in setting their tax rates. It is unfair for municipalities to have to reduce their taxes to accommodate increases in the education tax and protect their taxpayers from big increases.

## Industrial and Agricultural Property Assessment

### ***Linear property assessment***

Comments from participants included that:

- There is an interest in hearing about any proposed changes to the linear assessment process, and the impact on industry.
- Properties with linear and non-linear structures have two different assessments conducted by local and provincial assessors. This causes assessment disparity.
- Taxes on low-margin projects can cripple industry. Progressive assessment in particular causes these viability issues. Progressive assessments are designed to account for additions, but these taxes affect development.
- Assessment should occur when the land is in use, not while it is under development.
- There is concern about the impact of industry vehicles on roads.
- The need for road use agreements to address damage to local roads is another example of provincial downloading of responsibilities to municipalities.
  - This is a particular issue where provincial roads run through municipalities. The municipality doesn't have control over roads, but traffic has a huge impact on the municipality.

### ***Machinery and equipment property assessment***

Comments from participants included that:

- Machinery and equipment should be added into property assessments, similar to the approach in British Columbia and Saskatchewan.

### ***Farm property assessment***

Comments from participants included that:

- Farmland assessment is working well.
- Clearer definitions around where farmland regulations end and market value starts would be helpful.
- Market value assessments for farming properties would be very problematic. This would reduce the profitability of farmers.
- If taxes increase significantly on farmland that is waiting for development, this will restrict development.
- The way farm property is assessed and the exemptions farmers receive are not equitable.
- There needs to be a measure of productivity included in assessment, with a defined threshold for when a farm becomes commercial property.

## **Assessment Administration**

### ***Assessment administration***

Comments from participants included that:

- The Province should synchronize assessment and state of the property dates. For example, these could both be administered on January 1<sup>st</sup>.
- It would be beneficial for municipalities to see assessments prior to tax rates being set. This would improve the accuracy of assessment rolls, and would lead to fewer appeals from industry.
- Industrial assessors need more training.

## 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 current definitions for the use of offsite levies are clear. Recreation levies are not directly attributable to the new community and would not be fair to include.
- Recreation and community offsite levies could be included in the MGA, but need to require municipal and developer collaboration.
- Clarity is needed about what is allowed to be collected for. Municipalities are abusing the scope of fees and levies.
  - The MGA needs more specificity about what can be included in agreements between municipalities and developers.
  - The rates of increase for offsite levies need to be capped so that they can't be increased by two or three times in short time frames.
  - There is no appeal process for developers to contest violations of intent of offsite levies.
- Businesses would like certainty, equity and clarity in offsite levies.
- Municipalities need the ability to charge offsite levies more than once in the case of annexation, provincial policy changes, or a new utility or service being added.
- In the case of green space reservation, it is unclear whether or not municipalities can charge offsite levies more than once.
- To avoid appeals on offsite levies, inspectors should be allowed to intervene and resolve as needed.
- There should be a time limit on when funds from levies can be spent.
- Municipalities should be required to have a clear bylaw regarding levy rates so developers know what to expect.
- The Province should implement a Provincial Review Board or inspector for municipal bylaws regarding offsite levies to ensure compliance with the MGA.
- The MGA needs to maintain the mandate for equitable contribution to development based on benefit.

## Land Management and Planning Tools

### ***Statutory plans and land use bylaws***

Comments from participants included that:

- Statutory plans are working well because they provide certainty to businesses.
- Requirements for statutory plans aren't clear enough in the MGA. The scope of the plans creeps as a result, which inhibits flexibility for future development.
  - For example, if the positions of public utility lines are included in plans, then plans have to be completely redeveloped to make any changes.
- Requirements for statutory plans should not be too specific. Flexibility needs to be maintained for municipalities while providing structure and scope for developers.

## Subdivision and Development Authorities and Processes

### ***Administrative decision making processes***

Comments from participants included that:

- Development agreements are not currently dictated to municipalities, and there is no negotiation. The MGA should state that development agreements are required, and that municipalities must be involved in negotiations.
- There needs to be realistic timelines established for the turnaround of a subdivision application.
- Municipalities need more involvement in the decisions the Alberta Energy Regulator is making. Provisions for this involvement need to be included in the MGA, to be supported by the Province, and to be accompanied by enforcement of compliance.

## Land Dedication and Use of Reserves

### ***Land dedication (reserves)***

Comments from participants included that:

- There should be ways for the MGA to protect the environment beyond environmental reserves.
- There needs to be clarity about who defines environmental aspects of development, and what legislation has authority.
  - For example, if Alberta Environment and Sustainable Resource Development has the authority, then this should be stated in the MGA.
- The MGA needs to require contributions to the protection of other lands in cases where wetland or other environmentally valuable land is being developed.
- There needs to be a better definition of environmental reserves in the MGA.

- Ideally, environmental reserves should be taken out of the MGA and left to Alberta Environment and Sustainable Resource Development to handle.
- School sites should be purchased and serviced by the provincial government, as education is a provincial responsibility.
- The MGA needs to be clear about who pays for school sites, whether it is the responsibility of the municipality, provincial government or developers.
- The municipality should take five per cent from the developer for reserves and five per cent cash-in-lieu of reserve land.

## Regional Approaches

### ***Municipal relationships and dispute resolution***

Comments from participants included that:

- Mechanisms for regional collaboration in the MGA are working well.

### ***Managing growth and development***

Comments from participants included that:

- Municipalities need to know how conflicts between different regional plans will affect them.
- The MGA needs to reference Alberta land use and regional planning processes.
- Incentives are needed for oil development to be separated from municipal development.
- The MGA should outline how the regional planning process should address oil well conflict in terms of future development, and how to deal with abandoned wells.

## Appendix A: Session Agenda

### *MGA Review: Business and Industry Session*

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

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

Agenda Item	Timing										
<p><b>4. Table facilitation</b></p> <ul style="list-style-type: none"> <li>▪ Two topics will be prioritized for discussion for each block</li> </ul> <table border="1" data-bbox="310 464 1156 701"> <tr> <td data-bbox="310 464 620 510">Block 1: 9:25-9:55</td> <td data-bbox="620 464 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="310 556 620 602">Block 2: 10:05-10:45</td> <td data-bbox="620 556 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="310 648 620 695">Block 3: 10:55-11:35</td> <td data-bbox="620 648 1156 695">Planning and Development Topics</td> </tr> </table> <ul style="list-style-type: none"> <li>▪ Discussion will focus on what is working well, desired changes, and potential impacts of changes to the legislation</li> </ul>	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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Break (10 mins)											
Block 3: 10:55-11:35	Planning and Development Topics										
<p><b>5. Open discussion</b></p> <ul style="list-style-type: none"> <li>▪ Are there any other relevant topics participants want to address?</li> </ul>	<p>11:35-11:55</p>										
<p><b>6. Wrap-up</b></p>	<p>11:55-12:00</p>										