

# Municipal Government Act Review

## What We Heard: A Summary of Consultation Input

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Governance and Administration Technical Session  
Held in Red Deer on March 12, 2014

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Developed by KPMG for Alberta Municipal Affairs



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## Introduction

### Purpose

This document provides a summary of what was heard during a consultation session for the *Municipal Government Act* (MGA) review. The summary below includes the comments and opinions of the participants of the Governance and Administration Technical Session held in 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>	Governance and Administration Technical Session
<b>Location</b>	Westerner Park, Red Deer
<b>Date</b>	March 12, 2014
<b>Number of Participants</b>	29

- 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 current MGA works well and is usable.
- The MGA needs to be updated to recognize the use of modern technology.
  - For example, current options for notification are out of date.
- There should not be separate charters for Edmonton and Calgary.
  - If city charters are created, all municipalities should have the option to create special charters. This would ensure fairness and equity, and recognize the special and unique needs of other municipalities.
- The Province should provide an annotated, user-friendly 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 maintain current natural person powers. Natural person powers provide municipalities with the flexibility to do what needs to be done.
- There should be more clarity about natural person powers so municipalities have the knowledge and ability to function on their own.
- Local decision-making for local programs and services is working well. Municipalities know their own needs best, and no oversight is needed from the Province.
- Current mechanisms for provincial oversight are adequate.
  - For example, there is no need for a provincial auditor.
- The MGA needs to give municipalities real power by creating constitutional rights for municipalities.

#### ***Municipal structures***

Comments from participants included that:

- Municipal structures need to be better defined under the MGA.
- The roles and responsibilities for rural and urban municipalities need to be defined and clarified.
- Another category of municipality may be needed, since municipalities are changing and those changes need to be reflected in the MGA. This new type of municipality is informally being called “rurban,” which means a municipality with both rural and urban characteristics.

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

Comments from participants included that:

- Annexation decisions appear to favour and benefit rural areas rather than urban areas.
- Parties negotiate annexation agreements, but these agreements may be largely based on precedents for allocating compensation and tax revenue.
- Urban development in rural areas is causing increased complexity and can have a significant impact on the annexation process.
- Rural municipalities often have lower tax rates, and residents may resist annexation out of concern that their taxes will increase.

- The Province's viability framework is not working well, especially when it comes to governance. The framework is being used to arbitrate local politics. More appropriate tools are needed to arbitrate political disagreements in small communities.
- Municipal dissolution or amalgamation doesn't always work, as can be noted from examples in Quebec.
- Every municipality should be required to go through the viability framework process.
  - Many communities don't have the capacity to meet their legislated requirements. Finding qualified members of council, administration and subdivision and development appeal boards can be a challenge for these communities.

## Municipal Governance and Administration

### ***Municipal governance***

Comments from participants included that:

- It is difficult for councillors to understand where the line is between council and the administration or chief administrative officer.
  - For example, if council approaches staff directly, rather than through the chief administrative officer, it is difficult for the chief administrative officer to maintain separation between council and administration.
- The governance role of council should not change as the MGA is revised.
- Attendance by elected officials at Municipal Affairs training sessions should be mandatory.
- Smaller municipalities need more support from the Province to fulfill governance roles. These smaller municipalities need help to create policies and to educate new councillors on how to create policies themselves.
- More clarity in the MGA is needed regarding conflict of interest sections, particularly regarding pecuniary interest and interest in common.
  - Some municipalities have created their own ethics policies to deal with conflict of interest "grey areas," but this should be the Province's responsibility to address.

## Municipal Finances

### ***Financial administration***

Comments from participants included that:

- The current mechanisms related to financial management and debt are working well. It is appropriate for the Province to set this kind of policy.
- At present, there is nothing stopping a municipality from choosing to take on more debt. This leads to significant issues, such as debts beyond what municipalities can reasonably repay.
- The MGA must distinguish between different kinds of municipal debt limits, such as limits for utility debt or self-supporting debt.

- The provisions set out in the MGA that allow councils to approve budgets are currently working well. Local budget approvals do not need any oversight from the Province.
- Municipalities should be required to account for full costs and depreciation in their budgets. Requiring municipalities to fully fund depreciation of tangible capital assets would solve many viability issues.
- The timing of provincial decisions that affect municipalities budgets needs to align with the timing of municipal budget preparations.
- More predictability is needed on incoming grants, because the current approach of “guesstimating,” or guessing how much their grants will be, isn’t working.

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

Comments from participants included that:

- Currently, there is huge disparity between funding received from the Province by municipalities that have different proportions of residential and non-residential properties. This is not working because municipalities with a larger residential population have fewer revenue streams, and therefore require more financial support from the Province.
- Imbalances in revenues and infrastructure needs between urban and rural communities lead to dysfunction.
  - Regionalization may help to address revenue disparity between urban and rural municipalities. There needs to be a funding model that provides incentives for regionalization.
  - Expanding the definitions of urban and rural municipalities may help to bring philosophical or value-based differences together.
- There needs to be a more fair distribution of funding between the county and municipality. The current distribution isn’t working well.
  - The MGA needs to outline more exhaustively the roles and responsibilities of municipalities and counties. More definition will make it clear who needs funding, and how much money is needed.
- Revenue sharing is working well in specialized municipalities.
  - The specialized municipality model such as Strathcona County could be used more broadly across the province to improve equity and shared value.
- Forced amalgamation and redrawing municipal boundary lines would reduce the number of taxing bodies, resulting in more accountability and predictability for tax rates. This could also result in redistributing funds within regions to areas with higher service needs.
- Regional land-use frameworks may create a less competitive environment for collaboration between the municipality and county. Under regional frameworks, some decisions will no longer be up to the discretion of a county, and decisions in a region will be therefore more equitable.
  - If the county doesn’t have funds to deliver on a regional decision, this could trigger the Province to step in to provide funding and other support.

## Municipal Revenue Sources

Comments from participants included that:

- Sustainable revenue is required by municipalities as grant funding is currently unpredictable.
  - An alternative funding model to grants would lead to more responsible financial management. This change should be phased in.
- Municipalities need more flexibility to access different revenue sources.
  - The MGA should provide more flexibility for municipalities to use “out of the box” revenue tools.
  - More information is needed for the public about what current revenue generating options are available to municipalities under the MGA, such as the community revitalization levy.
- The MGA needs to outline a more equitable method for distributing funding from the Province to municipalities.
  - The needs and makeup of municipalities change over time, so funding and support needs to be equitably distributed in order to meet these changing needs.
- When a new service is downloaded from the Province to the municipal level, the municipality needs additional funding to operate the service, as well as initial capital funding.

### ***Fees and levies***

Comments from participants included that:

- Municipalities are unable to recover all costs related to growth and development.
- The MGA needs to broaden the scope of what offsite levies can be used for. For example, fire halls, recreational centres and emergency services should be included within offsite levies.
  - Offsite levies should include the costs for infrastructure, not the ongoing service delivery associated with emergency services and recreation centres.
- Offsite levies can be hard to monitor if there is large staff turnover.
- Municipalities should be able to revisit fees and levies that were not originally collected. This would enable municipalities to account for subsequent changes, such as added transportation infrastructure.
- Municipalities should be able to implement a community revitalization levy without provincial oversight.

## Municipal Accountability, Liability, and Risk Management

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

Comments from participants included that:

- There is no current method under the MGA to hold councillors accountable for their behaviour.

- Administration has no recourse when they notice issues related to councillor behaviour. There is no protection for chief administrative officers who voice concerns.
- The Province should have the ability to review the situation if problems with council behaviour arise.
- The electorate should also have mechanisms to deal with “rogue” councillors acting outside the bounds of their role.

### ***Liability and risk management***

Comments from participants included that:

- Current processes for liability and risk management work well for municipal staff.
- Liability protection should be extended to contractors hired by the municipality to provide municipal services.
- The MGA needs to include some broad statements that offer municipalities liability protection when holding community events.

## **Municipal Services and Delivery**

### ***Service provisions***

Comments from participants included that:

- There is disparity between the services that urban and rural municipalities require, such as policing. “Urbanized” rural municipalities should be delivering services similar to urban areas in order to prevent disparity. Otherwise, urban centres disproportionately absorb the cost of services used beyond their borders.
- There has been downloading of services from the Province to municipalities, yet municipalities are not receiving additional funding to deliver these services, and must raise taxes to cover costs.
  - There is a need for the Province to stop downloading services to municipalities, or, if the Province does download more responsibilities, funding should follow.
- Municipalities should be required to fund all municipal services solely through property taxes. This would result in more accountability because people would look more at where taxes are being spent and at what municipal responsibilities are.

## **Public Participation and Municipal Relations**

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

Comments from participants included that:

- Currently, there is no enforcement to ensure regional collaboration occurs when voluntary collaboration does not work.
- Regionalization should not be forced by the Province.

### ***Public participation***

Comments from participants included that:

- There is a need for business and industry to have a voice in the affairs of municipalities. Municipalities are accountable to their voting public, but less so to industry.
- Public engagement requirements in the current MGA need to be more flexible. Municipalities should be able to determine what works best to engage their citizens.
  - Advertising methods permitted under the MGA also need to be more flexible.
- The current provisions for petitioning are favourable to municipalities, as depending on municipal population it can be difficult for petitioners to meet thresholds to make a petition.
  - The petition process needs to be reviewed to determine whether there are provisions that could be added to make the process more accessible for the public.

### ***Municipal Government Board***

Comments from participants included that:

- Members of the Municipal Government Board lack local knowledge, which leads to errors in judgment. These kinds of uninformed decisions usually result in appeals to the courts.
  - Mandatory training should be implemented to address the lack of knowledge of Municipal Government Board members.
- Council members should not comprise the majority of any board, commission, or quasi-judicial appeal board. More prescriptive legislation on this matter is needed.
- Councillors should not sit on quasi-judicial boards at all. These boards need to remain at arm's length and be unbiased, which is defeated if councillors participate.
  - A population threshold may be required to convene a board, in order to allow smaller communities to staff boards.
- Some communities team up to create a regional board, and this is working well.

## Assessment and Taxation

During the discussions surrounding governance and administration some discussion occurred on 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:

- Taxes are unfairly distributed onto non-voters through commercial and industrial taxes.
- Industry would like to see a tie between residential and non-residential tax rates implemented.
  - For example, Saskatchewan uses a maximum differential between residential and non-residential tax rates of nine per cent. A 2:1 ratio would be appropriate as a maximum difference for Alberta.
  - There may be consequences for economic development and growth if the non-residential tax rate becomes too high.
- Non-residential tax rates are increasing disproportionately to increases in residential tax rates each year. This is not working well, as the escalating taxes take away from what businesses can give to the community.
  - More accountability and fairness is required in setting tax rates. This would provide stability and predictability so that business can set reliable budgets.
  - It could be beneficial for council to set limits on the difference between residential and non-residential tax rates.
  - Municipalities also need more predictability on property tax rates, in order to make long-term forecasting more reliable.
- Small “Ma and Pa” shops and businesses do not affect municipalities in the same way as industry does. High non-residential tax rates lead to revenue for municipalities, but the high rates affect the viability of small businesses.
- Rural areas are becoming too dependent on non-residential and non-voting tax revenues.
- There should be more flexibility for municipalities to add more things to the tax roll.
  - Debts owing to municipalities should be allowed on the tax roll. For example, when a utility customer is a tenant of a property and not the owner, outstanding utilities can't currently be put on the tax roll.
- There should be requirements added to the MGA around efforts to collect money owing to municipalities. If the bill is not paid and it is related to property, that debt should be placed on the tax roll.

## Market Value, Equalized and Supplementary Assessment

Comments from participants included that:

- Municipalities should not be collecting the education tax on behalf of the Province.
  - Municipalities receive the complaints related to education taxes.
  - Alternatively, municipalities could continue to collect the tax, but the Province should cover the costs to municipalities of administering the tax.

## Industrial and Agricultural Property Assessment

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

Comments from participants included that:

- The definition of “farm” needs to be reviewed. There need to be triggers in place for when a farm becomes classified as a business.
  - For example, there are no more “mom and pop” farms today. Today’s farms use roads and services to the same degree, or more, as business and industry do.
- Farmland and linear properties should all be assessed in the same way.
  - This would eliminate the need for linking tax rates and would establish a system that is more fair and equitable. However, assessing farmland the same way as linear property would increase the taxes paid by farmers and could be detrimental to farming.

## Assessment Administration

### ***Assessment administration***

Comments from participants included that:

- There needs to be an independent auditor for assessments, such as an assessment commissioner.

## **Planning and Development**

During the discussions surrounding governance and administration some discussion occurred on planning and development. The following input was received and documented related to planning and development.

### Land Management and Planning Tools

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

Comments from participants included that:

- Currently, inter-municipal development planning is not working, particularly when a municipality proposes a fully developed growth plan and the inter-municipal development planning group doesn't support it. There has to be consistent approval criteria for all groups involved in planning and decision-making processes.
  - An example of this challenge in getting municipalities to agree is the "Gasoline Alley" annexations in the Red Deer area.

### Subdivision and Development Authorities and Processes

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

Comments from participants included that:

- Communication towers require federal approval, with a public consultation process. Municipalities are caught in middle of these processes, as they are involved in the conversation about development but have no authority to approve the towers. This creates friction between the municipality and the public.

### Regional Approaches

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

Comments from participants included that:

- Residential and non-residential development in rural areas results in more people accessing services in nearby urban areas, and urban municipalities bear more of the cost of providing these services. The MGA should "level the playing field" when it comes to providing services to balance the costs of new developments.
- Rural municipalities are not necessarily preserving agriculture land, and this gap should be considered in reviewing the MGA.

## Land Dedication and Use of Reserves

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

Comments from participants included that:

- There is a lack of accountability regarding school boards. Currently, a school board can ask a municipality for land for the purpose of putting a school on it. School boards can then sell the land, benefiting from the sale of the land.

## Appendix A: Session Agenda

### *MGA Review: Governance and Administration Technical Session*

Agenda Item	Timing
<b>1. Welcome and introductions</b>	10:00-10:10
<p><b>2. Potential topics for discussion:</b></p> <p>The following topics will be available for table discussion:</p> <p><u>Subject 1: Municipal Powers, Structures, Annexations and Other Changes</u></p> <ul style="list-style-type: none"> <li>▪ Municipal powers</li> <li>▪ Municipal structures</li> <li>▪ Fundamental changes and municipal restructuring</li> </ul> <p><u>Subject 2: Municipal Governance and Administration</u></p> <ul style="list-style-type: none"> <li>▪ Municipal governance</li> <li>▪ Municipal administration</li> </ul> <p><u>Subject 3: Municipal Finances</u></p> <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> <p><u>Subject 4: Municipal Accountability, Liability, and Risk Management</u></p> <ul style="list-style-type: none"> <li>▪ Compliance and accountability</li> <li>▪ Liability and risk management</li> <li>▪ Provincial powers</li> </ul> <p><u>Subject 5: Municipal Services and Delivery</u></p> <ul style="list-style-type: none"> <li>▪ Service provisions</li> <li>▪ Regional services commissions</li> <li>▪ Municipally controlled corporations</li> </ul> <p><u>Subject 6: Public Participation and Municipal Relations</u></p> <ul style="list-style-type: none"> <li>▪ Municipal relationships and dispute resolution</li> <li>▪ Public participation</li> <li>▪ Municipal Government Board</li> </ul>	10:10-10:20
<b>3. Change tables (if needed)</b>	10:20-10:25

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Agenda Item	Timing
<b>4. Table facilitation</b> <ul style="list-style-type: none"><li>▪ Up to three topics will be prioritized for discussion (~20 minutes each)</li><li>▪ Discussion will focus on what is working well, desired changes, and potential impacts of changes to the legislation</li></ul>	10:25-11:35
<b>5. Open discussion</b> <ul style="list-style-type: none"><li>▪ Are there any other relevant topics participants want to address?</li></ul>	11:35-11:55
<b>6. Wrap-up</b>	11:55-12:00