

Municipal Government Act Review

What We Heard: A Summary of Consultation Input

Business and Industry Session
Held in Vermilion on February 20, 2014

Released on June 17, 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 Vermilion.

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 | Vermilion Regional Centre, Vermilion |
| Date | February 20, 2014 |
| Number of Participants | 8 |

- 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

The following input was received and documented related to the MGA in general.

Comments from participants included that:

- The MGA should put measures in place for stability and predictability across the province. Provincial oversight is needed to achieve this goal of stability and predictability.
- There is concern that some of the incentives for business and industry will be removed with the review of the MGA. It is important to keep Alberta competitive.

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:

- The MGA should make dissolution and amalgamation processes more appealing to municipalities.
 - Amalgamation could result in better decisions on where community facilities are distributed, rather than small municipalities opening competing facilities.
 - Amalgamation could also provide more resources so that mayors and councils could be paid more, which would attract people to those roles.
- More efficiency could be realized if certain areas were amalgamated.
 - One area that could benefit from amalgamation would be Strathcona County, City of Edmonton and the City of St. Albert.
 - Some villages could also benefit from amalgamation in their areas.
- Typically, rural areas are concerned that there will be an increase to taxes if they are amalgamated with an urban area.
 - Education would be key as part of amalgamation.
- For the purposes of sustainability, amalgamation needs to be forced by the Province.

- Mandatory cooperation or amalgamation may not be the best approach. The province encouraging amalgamation is a better option.
- Regional cooperation is not always present. Provincial initiatives may be needed to ensure it occurs.
- The benefit of regional cooperation is already evident. There might need to be a change in approach to increase collaboration. For example, there could be changes in how municipalities are structured and work together.

Municipal Governance and Administration

Municipal governance

Comments from participants included that:

- Municipalities need to be run like a private business.
- The population of the municipality needs to be able to sustain the number of councillors.

Municipal Finances

Regional funding approaches

Comments from participants included that:

- Municipal revenue needs to return to the community in which it was earned.
- More regionalization on municipal funding approaches is needed.

Fees and levies

Comments from participants included that:

- The user-pay system for road use agreements is working well.

Municipal Services and Delivery

Service provisions

Comments from participants included that:

- There should be accountability for the scale of services that municipalities provide.
 - For example, it is important to ask whether a recreational centre is needed in a community.
 - There should be ways to educate the public on the financial implications of providing services, such as a recreation centre.
 - Municipalities need to be held accountable to taxpayers, including non-voting taxpayers.

- The MGA should have mechanisms to ensure that if facilities are constructed the municipality can afford to pay for them, even if industry or business leaves.
- Some municipalities provide higher levels of service than others, such as paved roads, which can cause the difference in tax rates between communities.
- Shadow populations affect the communities where they work because they use municipal services. Municipalities have no ability to collect taxes from these populations to offset the cost of extra services.

Public Participation and Municipal Relations

Public participation

Comments from participants included that:

- There is a need for public participation from the voting and non-voting populations (i.e., business) for long-term planning.
- Federal, provincial, and municipal governments, as well as citizens, need to be involved in planning.

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:

- The new MGA should ensure accountability to businesses and industry by linking residential and non-residential tax rates, as was done in the past.
- The MGA review should recognize that some businesses in a community do not have a vote in the decisions-making process.
 - Alberta should consider the “bands of fairness” legislation (*Fair Municipal Finance Act*) in Ontario.

Exemptions from Assessment and Taxation

Exemptions and other special tax treatment

Comments from participants included that:

- The exemption provisions in the MGA should be reviewed for consistency regarding definitions and depreciation values.

Market Value, Equalized and Supplementary Assessment

Equalized assessment

Comments from participants included that:

- The MGA could be more transparent about how much of the education property tax is being paid to different municipalities.

Progressive and supplementary assessment

Comments from participants included that:

- Progressive and supplementary assessments are complicated processes and would be administratively difficult to apply to machinery and equipment properties, especially in urban locations.
- There should be no progressive assessment on industrial properties. Machinery and equipment property shouldn't be taxed until it is operational and able to generate revenue.

Industrial and Agricultural Property Assessment

Linear property assessment

Comments from participants included that:

- There needs to be consistency in linear assessment to assist with business planning and continuity in the future.
- The Province, rather than municipalities, should tax linear property.
- There is disparity between mill rates in different jurisdictions and municipalities that can cause problems for business and industry. Business needs to be able to predict the long-term viability of projects.
- All regulated properties should be assessed and taxed by the Province, with some mechanism to distribute revenue back to municipalities.
 - The Province could distribute linear property tax revenues to municipalities that currently do not receive much revenue from linear property.
 - Although industry is located in rural areas, urban areas that receive little or no linear property tax revenue are impacted. An example is that urban roads are used by industry, with no tax revenue to pay from the road damage.

Machinery and equipment property assessment

Comments from participants included that:

- Wind farm projects are sometimes cancelled due to high property taxes. They are currently assessed and taxed as machinery and equipment.
- Depreciation values for machinery and equipment property need to be re-examined.

Assessment Administration

Assessment administration

Comments from participants included that:

- Assessments need to be administered centrally to allow for more consistency.
- Assessment administration needs to be supported by more accountability and benchmarking in the MGA.
 - For example, a centralized government body could be established just for industrial property.
 - Different properties that are very similar (such as linear, machinery and equipment properties) are being assessed differently. A current example is how pump stations and pipelines are assessed.
 - The interpretation of Alberta Construction Cost Reporting Guide influences this.

- It is difficult to find industrial assessors in some communities, and this can be costly for municipalities.
 - The broader issue is a lack of assessors generally in the province. Schools emphasize market value assessment over industrial assessment.

Public Participation and Assessment Appeals

Assessment complaints and appeals

Comments from participants included that:

- The current appeals system is biased towards municipalities because councillors sit on assessment review boards.
- The decision-making process on assessment appeals involves complex decisions, yet decisions are not always informed or educated.
 - At a certain level of cost or complexity, appeals should be taken to a different board, such as the provincial Municipal Government Board. This would ensure appeals are only heard once.
- The current assessment complaint and appeals system is very expensive.

Planning and Development

The following input was received and documented related to planning and development.

Regional Approaches

Managing growth and development

Comments from participants included that:

- There is a fine line between mandatory and voluntary planning between communities.
- There should be a provincial directive to clarify the expectation of what inter-municipal planning documents are required, such as coordinated sustainability plans.
- Provincial regional planning documents are hierarchical, so local plans need to align with them. This can be difficult when plans originate at the local level.
 - The MGA should clarify how these plans fit together and better ensure consistency in local plans so that they are in compliance with provincial requirements.
- Inter-municipal communication and collaboration should be a key area of emphasis for the MGA review.
- Regionalization can be good, and can reduce the need for coordinated plans, but individual communities should still be respected.

Regional funding approaches

Comments from participants included that:

- Regional collaboration on the service delivery of utilities that serve a region works well for industry, but can sometimes mean higher costs for municipalities and users.
- In instances where the industry needs certain services like water, the MGA does not clarify how to put the necessary agreements are established.

Public Participation and Planning Appeals

Public participation

Comments from participants included that:

- There needs to be more collaboration and sharing of knowledge with business and industry regarding new developments in the community. For example, information should be shared about facilities and water services.
- There seems to be a lack of interest from the general public to exercise their right to appeal. This might be a matter of limited trust in or knowledge of the process.

- There need to be more avenues for the public to participate and more mechanisms for providing input.
 - The Province might need to do more to encourage public participation.

Appendix A: Session Agenda

MGA Review: Business and Industry Session

| Agenda Item | Timing |
|--|-----------|
| Welcome and introductions | 9:00-9:10 |
| <p>Potential topics for 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 | 9:10-9:20 |

| 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 | |

| Agenda Item | Timing | | | | | | | | | | |
|--|--------------------------------------|--------------------------------------|------------------------|--|-----------------------------|--------------------------------|------------------------|--|-----------------------------|---------------------------------|------------|
| Change tables (if needed) | 9:20-9:25 | | | | | | | | | | |
| <p>Table facilitation</p> <ul style="list-style-type: none"> ▪ Two topics will be prioritized for discussion for each block <table border="1" data-bbox="310 579 1156 793"> <tr> <td data-bbox="310 579 618 625">Block 1: 9:25-9:55</td> <td data-bbox="618 579 1156 625">Governance and Administration Topics</td> </tr> <tr> <td colspan="2" data-bbox="310 625 1156 667" style="text-align: center;"><i>Break (10 mins)</i></td> </tr> <tr> <td data-bbox="310 667 618 714">Block 2: 10:05-10:45</td> <td data-bbox="618 667 1156 714">Assessment and Taxation Topics</td> </tr> <tr> <td colspan="2" data-bbox="310 714 1156 756" style="text-align: center;"><i>Break (10 mins)</i></td> </tr> <tr> <td data-bbox="310 756 618 793">Block 3: 10:55-11:35</td> <td data-bbox="618 756 1156 793">Planning and Development Topics</td> </tr> </table> ▪ 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>Open discussion</p> <ul style="list-style-type: none"> ▪ Are there any other relevant topics participants want to address? | 11:35-11:55 | | | | | | | | | | |
| Wrap-up | 11:55-12:00 | | | | | | | | | | |