

SUSTAINING MUNICIPALITIES

GROWING TOGETHER THROUGH COLLABORATION, AUTONOMY AND ACCOUNTABILITY

REVIEW OF THE MINISTER'S COUNCIL ON MUNICIPAL SUSTAINABILITY REPORT AND OPPORTUNITIES FOR MOVING FORWARD

Cooperative Municipal Partnership July 2007



EXECUTIVE SUMMARY

Throughout the years, municipalities across Alberta have successfully worked to address growth pressures and resolve disputes in a collaborative manner that has benefited all Albertans. Six Alberta municipalities¹ - hereinafter referred to as “Cooperative Municipal Partnership (CMP)” - are committed to this approach and share a common view around strengthening their partnership with the Government of Alberta (GoA), with each other and with other municipalities.

To ensure Alberta’s tradition of provincial and municipal cooperation continues, this report has been prepared to:

- Provide feedback on the Final Report from the Minister’s Council released March 19, 2007 (“Council’s Report”)
- Outline CMP’s views on key municipal governance issues, that if properly considered, will provide the foundation for municipal cooperation, collaboration and decision-making in a regional context; and,
- Propose a path forward for efficient and sustainable inter-municipal cooperation and service delivery throughout Alberta, both for use during, and independent of, the Capital Region Integrated Growth Management Plan² (“CRMP”) recently announced by the GoA.

Provided below is a high level summary of CMP’s review of the Council’s Report and associated issues, inclusive of CMP’s recommendations relating to that review. That is followed by a discussion regarding an alternate approach to regional governance suggested in the Council’s Report through a Regional-Cooperative Governance model to address growth challenges throughout Alberta.

REVIEW OF THE COUNCIL’S REPORT

Consultation with Stakeholders

While the CMP recognizes rural municipalities were represented on the Minister’s Council by the AAMD&C President and the draft report was reviewed by the AAMD&C Board of Directors, AAMD&C members were not provided any opportunity for input to the Council Report or its recommendations until after its release.

¹Lamont County, Leduc County, Parkland County, Town of Redwater, Strathcona County, and Sturgeon County

²The GoA announced the terms of reference for the CRMP on June 12, 2007 (GoA, 2007b). As stated in the announcement, the “terms of reference will allow the 24 municipalities in the Capital Region and the Industrial Heartland to develop a long term, integrated management plan to support economic growth, with particular attention to the economic, social and environmental impacts on all residents of the region.”

CMP recommends the rural representation on the Minister’s Council be enhanced; and, the Principles and Recommendations of the Council’s Report be reviewed by and discussed with all municipalities prior to implementation.

It should be noted CMP fully supports the GoA’s recently announced CRMP approach to host a facilitated workshop with 24 municipalities in the Capital Region regarding regional growth management. This is an important initiative, which supplements the foregoing recommendations.

Guiding Principles and Recommendations³

CMP agrees with the Guiding Principles outlined in the Council’s Report (with one exception – Principle 5)⁴ – they establish the common ground from which all stakeholders can begin developing practical mechanisms for enhanced cooperation.

CMP also supports several of the conclusions and recommendations contained in the Council’s Report, but not all given some are inconsistent with the Principles. Further detail is provided below.

Regional Governance through Collaboration – not Regional Government

Recommendations 3 and 4 (regional growth management and service delivery, respectively) call for municipalities to examine the use of formal regional agencies that would develop growth management plans for the region; address cost- and revenue-sharing issues; and coordinate planning, land use and service delivery. While we support the cooperative development of regional plans – such as the Regional Growth Strategy proposed by the Alberta Capital Region Alliance (ACRA) – we feel strongly sustainable solutions can only occur through inclusive, collaborative efforts that respect the independence of municipalities within a region.

A formal regional service delivery agency approach would not achieve this. Rather, it would undermine municipal autonomy (Principle 3), accountability to local taxpayers (Principle 4), and the ability of municipalities to effectively manage relationships for the betterment of their region (Principles 6 and 8). It also discourages flexibility and tailored solutions (Principle 9) by imposing a “one size fits all” approach; consequently, CMP questions the meaningful benefit that could be achieved through such an approach (Principle 10) in light of the findings of this report.

³ While the CMP recognizes the GoA has officially responded to the Council’s Report recommendations in a July 16, 2007 News Release (GoA 2007c), it does not change our position regarding the recommendations proposed by the Minister’s Council.

⁴ Principle 5 states: “Municipalities should share more in the benefits of Alberta’s prosperity, and also share more of the risks associated with volatile revenue sources.” In CMP’s view municipal financing should not be tied to volatile markets as core services must be supplied despite changes in the economy. Further, Principle 5 may be interpreted as support for revenue sharing, which CMP does not endorse. Rather, municipalities have requested increased and predictable provincial funding.

Rather, CMP strongly endorses the GoA’s decision, through the CRMP strategy, to create a regional growth management plan and associated governance structure consisting of municipally-elected representatives of the 24 municipalities in the Capital Region. We also endorse the stated commitment in the CRMP terms of reference the plan will not result in amalgamation or create a “new order of government.” This is consistent with the “Regional-Cooperative” model proposed in this document.

CMP recommends the GoA and municipalities throughout Alberta implement the “Regional-Cooperative” model to address regional growth management and service delivery issues, which is consistent with the CRMP and the collaborative, cooperative and accountable approach municipalities have used successfully in this province over the past many years.

COST SHARING – NOT REVENUE SHARING

Recommendations 2 (IDP development), 3 (Regional Plan development) and 4 (regional delivery model) all suggest municipalities consider revenue sharing. CMP does not support revenue sharing as it discourages fiscal responsibility and sound economic planning and is inconsistent with Principles 3 (municipal autonomy), 4 (accountable to taxpayers), 9 (tailored solutions), and 10 (meaningful benefits to all).

CMP recommends transparent, regional cost-sharing initiatives where it can be demonstrated one municipality bears an unfair share of costs and there is benefit to all regional residents (e.g. Anthony Henday Drive development).

NEW SOURCES OF REVENUE TO MUNICIPALITIES

While CMP supports the general concept of Recommendation 9 – the enhanced ability for municipalities to collect own-source revenues as a means of strengthening municipal capacity (e.g. the “Expanded Scope for Development Levies in Support of directly Related Local Services and Limited Split Mill Rates”) – we do not support new forms of taxation proposed for amusement, tourism, property transfer, and vehicle registration. CMP views this new taxation as inconsistent with Principle 10 that solutions must provide meaningful benefits to municipalities. Further, these taxes are not a cost effective solution for broad application across the province.

CMP recommends the GoA, through legislation, empower municipalities to expand the scope for development levies in support of directly related local services and levy/collect limited split mill rates within the non-residential property class.

NEW DISPUTE RESOLUTION MECHANISMS

Current Municipal Government Board (MGB) processes are too long, expensive and potentially lacking in effectiveness. CMP supports the Minister's Council in suggesting that inter-municipal disputes be ultimately resolved through a final offer system of arbitration after a specified period as stated in Recommendation 2.

CMP recommends including the preliminary steps of good faith negotiation and professionally facilitated mediation prior to binding arbitration. The proposed "Regional-Cooperative" model incorporates a negotiation/mediation/arbitration process to address unresolved issues.

OPPORTUNITIES FOR SUSTAINABILITY

REGIONAL-COOPERATIVE GOVERNANCE

Municipalities in Alberta are presently autonomous, accountable to their taxpayers and work collaboratively towards addressing mutual challenges – establishing a new regional government will not advance the resolution of issues regarding regional governance. As noted above, CMP recognizes and appreciates the GoA's decision to support a governance board approach in the CRMP as opposed to establishing another level of government.

The GoA's decision is consistent with CMP's conclusion that the best approach for implementing growth strategies is through a Regional-Cooperative model where costs (not revenues) are shared, municipal autonomy is preserved, and decision-makers are accountable for spending and driving best value to their taxpayers, and consequently to the region's taxpayers. Within this Report, we have proposed how using this model could work for the Capital Region and provide a framework for other Alberta regions (see p. 14).

CMP recommends the Regional-Cooperative Governance framework be considered as an effective governance structure for implementation throughout Alberta.

The components of the framework include the following:

Governing Principles

The Principles, upon which the Regional-Cooperative model would be established, as described by Acton et al. (2007), include:

- **Fairness** – Intra and inter-municipal land use planning and its associated structures and processes must ensure municipalities, residents, landowners, and other affected stakeholders are all treated in an equitable manner.

- **Autonomy** – Municipalities must continue to be provided with the maximum level of control over land use planning.
- **Accountability** – Municipalities are (and remain) accountable for responsible development.
- **Equal Opportunity** – Wherever possible, development in one municipality cannot result in the loss of an equal or greater opportunity in an adjacent municipality.
- **Flexibility** – Municipalities should be able to identify options that work best for themselves while also fitting with the needs of the region.
- **Cooperation** – Municipalities must work together to support joint planning from a regional perspective.
- **Sustainability** – Effective municipal land use planning must balance economic, environmental and social factors.
- **Transparency** – Decision making processes must be open and transparent to all affected parties.
- **Timeliness** – Processes must ensure timely resolution (pp. 6 and 7).

It should be noted the above principles are consistent with those outlined in the CRMP terms of reference being ensuring community identities are supported and all residents in the Capital Region benefit from anticipated economic growth.

Composition, Participation and Decision-Making (Voting)

With due consideration of the above-noted Principles, the Regional-Cooperative model could be governed through a regional organization consisting of all impacted municipalities and some form of agreed upon decision-making model. This approach reflects that suggested in the CRMP. For example, and similar to voting processes recently enacted by Alberta Capital Region Alliance (ACRA), each vote at the regional organization could include two qualifiers - 2/3 of total votes of members (not just present) and on second review a minimum of 50% of the votes of each of the groups (city, county and towns/villages). A large municipality (e.g. population over 100,000 – the population threshold could be adjusted to reflect local conditions) within a region would have a weighted vote (50% of the large jurisdiction vote). This structure ensures that decisions will have a balanced perspective, urban and rural, large and small.

Dispute Resolution

The Regional-Cooperative model should incorporate a dispute resolution mechanism, the first step consisting of good faith negotiations as voluntary agreements are preferred. Failing such negotiations, mediation would be undertaken by utilizing the GoA's mediation services and supported by clear guidelines. If necessary, that would be followed by a mandatory final position arbitration process. Dispute guidelines could include failing to reach an agreement within a specified period of time automatically resulting in mediation for a defined time frame before triggering binding arbitration (arbitration is consistent with Recommendation 2 of

the Council's Report). The final arbitrator could be selected by the municipalities or Court.

Benefits of Regional-Cooperative Governance

- Enhanced governance flexibility and innovation.
- Enables appropriate use of private sector partners to ensure efficient service delivery.
- Incorporates mechanisms for cost sharing on regional projects on a case by case and equitable basis.
- Continued evolution of intermunicipal structures to address, through cooperative and collaborative approaches, growth pressures where each municipality maintains its autonomy and remains accountable to their taxpayers.
- Inclusive, equal and autonomous involvement by all stakeholders in a transparent and fair process to find equitable, sustainable solutions.
- Clear, timely and inclusive processes to resolve disputes, thereby ensuring issues do not stagnate and negatively impact growth.

CONCLUSION

The province needs and deserves a governance framework that encourages collaboration, provides for the effective and efficient resolution of disputes, and delivers value to all impacted residents within a region. CMP firmly believes the Regional-Cooperative governance model proposed in this report supports the GoA's CRMP strategy and will meet the needs of all municipalities and Albertans. CMP members are ready and prepared to work with all stakeholders in arriving at a mutually beneficial solution.

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INTRODUCTION

Alberta is experiencing a prolonged period of aggressive economic growth driven largely by oil and gas revenues.⁵ This has presented unique opportunities for Alberta's municipalities regarding business development and population in-migration, but also exerted significant pressure on their ability to provide associated services and infrastructure.

Managing the costs and benefits of rapid growth has required municipalities to work cooperatively in planning and delivering services. Traditionally, and to ensure success, intermunicipal disputes have been resolved through voluntary approaches and agreements benefiting taxpayers and the province (See Appendix A – Examples of Inter-municipal Cooperation). This has meant finding the right balance between how best to deliver services (i.e. the municipal governance processes) and the associated delivery structure. The approach is collaborative in nature, respects the autonomy of individual municipalities, and drives accountability to those responsible (i.e. our elected officials).

Six Alberta municipalities⁶ - the “Cooperative Municipal Partnership (CMP)” - share a common view around strengthening their partnership with the Government of Alberta (GoA), with each other and with other municipalities. CMP has prepared this report to address the broader issue of municipal cooperation and governance and, through it, accomplish the following:

- Provide feedback on the Report from the Minister's Council on Municipal Sustainability released March 19, 2007 (“Council's Report”);
- Outline the CMP's views on key municipal governance issues, that if properly considered, will provide the foundation for municipal cooperation and decision-making in a regional context; and,
- Propose a path forward for efficient and sustainable inter-municipal cooperation and service delivery throughout Alberta, both for use during, and independent of, the Capital Region Integrated Growth Management Plan⁷ (“CRMP”) (See Appendix B – GoA Capital Region Integrated Growth Management Plan).

⁵ According to Alberta Employment, Immigration and Industry's spring 2007 Economic Outlook, Alberta's current dollar GDP amounted to \$236 billion in 2006 - \$69,800 per capita compared to \$44,100 per capita for Canada. Alberta had real GDP growth of 6.8% in 2006 – more than double the national rate. Alberta's population increased by 109,000 (3.3%); the booming economy is driving unemployment rates in large industries below the 5% mark; and, rapid growth in energy investment is creating growth pressures. The outlook for 2007 is for more moderate, but still strong growth of 4.0% (Alberta EI&I, 2007).

⁶ Lamont County, Leduc County, Parkland County, Town of Redwater, Strathcona County, and Sturgeon County

⁷ The GoA announced the terms of reference for the CRMP on June 12, 2007 (GoA, 2007b). As stated in the announcement, the “terms of reference will allow the 24 municipalities in the Capital Region and the Industrial Heartland to develop a long term, integrated management plan to support economic growth, with particular attention to the economic, social and environmental impacts on all residents of the region.”

REVIEW OF THE COUNCIL'S REPORT

STAKEHOLDER CONSULTATION

If and when implemented, the recommendations in the Council's Report have long-term, significant consequences and fundamentally alter the relationship between rural and urban communities.

Consequently, CMP is concerned with general lack of engagement of both rural and smaller urban municipalities in the development of the Council's Report. Three of the four parties involved in developing the recommendations (AUMA, Calgary and Edmonton) provided an urban perspective, whereas the sole participant representing a rural perspective was the AAMD&C. While the AAMD&C typically consults its membership and acts on its direction, review of the draft report was restricted to the AAMD&C Board of Directors to comply with the GoA's confidentiality requirements.

The report was released on March 19, 2007 and made available to CMP members on March 20. The AADM&C eventually surveyed its five Regional Zones for feedback subsequent to member municipalities citing a lack of transparency and opportunity for input into the report. Municipalities were given less than two weeks to complete the survey, which included the Easter long weekend. These consultations were insufficient for a report with such significant consequences.

CMP therefore urges the GoA to provide further opportunities for input on the recommendations in Council's Report consistent with the GoA's stated priority to govern with integrity and transparency. We also urge the GoA to enhance the rural representation on the Minister's Council (or other appointed bodies) engaged in this process to ensure a balanced perspective (see p. 6).

It should also be noted CMP fully supports the GoA's recently announced CRMP approach to host a facilitated workshop with 24 municipalities in the Capital Region regarding regional growth management go forward strategies. This is an important initiative, which supplements the foregoing recommendations.

CONTENT REVIEW

The Guiding Principles

All municipalities must be empowered and have the financial and operational resources to:

- Achieve the level of service their residents expect,
- Fulfill the aspirations of a community (quality of life),
- Do so at reasonable cost and level of taxation, and
- Maintain a business friendly environment.

The ten Guiding Principles outlined in the Council’s Report (reproduced below) enable Alberta municipalities to achieve these requirements. They support CMP’s vision of the model municipality and provide high-level guidelines in forming government to government relationships. They establish “the common ground” – a starting point from which all stakeholders can begin developing practical mechanisms to successfully deliver on each stakeholder’s vision of successful municipalities. And they are consistent with those outlined in the CRMP terms of reference, by ensuring community identities are supported and all residents in the Capital Region benefit from anticipated economic growth.

In particular, CMP members place a high value on municipal autonomy and being accountable to our respective taxpayers (Principles 3 and 4), and on effectively managing our relationships with other municipalities to coordinate and tailor development in an efficient manner to achieve mutual benefit for our taxpayers, the regions and the province (Principles 8, 9 and 10).

CMP has one concern regarding Principle 5. In our view, municipal financing should not be tied to volatile markets as core services must be supplied despite changes in the economy. Municipal tax revenue is already tied to a fluctuating economy, but when the economy slows down, infrastructure built to support growth must still be maintained. Further, Principle 5 may be interpreted as support for revenue sharing, which CMP does not endorse (see p. 8). Rather, municipalities have requested increased and predictable provincial funding.

Figure 1: Guiding Principles for Improved Provincial and Municipal Relationships

Principles for Improved Relationships (Council’s Report, p. 6)	
1.	Clearly defined roles and responsibilities of municipalities and the GoA
2.	Municipalities have access to financial resources necessary to meet current and future operating and capital requirements
3.	Municipal autonomy must be recognized and respected
4.	Municipal governments must be accountable to their electorate and taxpayers
5.	Municipalities should share more in the benefits of Alberta’s prosperity, and also share more of the risks associated with volatile revenue sources
6.	Development in any municipality should not unduly impact neighbouring municipalities, either financially or from a quality of life perspective
7.	GoA should establish clear expectations and requirements related broader provincial interests in planning and coordination of development
8.	Municipalities must be accountable for effectively managing their relationships with other municipalities, and for coordinating planning and development for the betterment of their region, within the context provided by provincial expectations and requirements
9.	Solutions must be tailored to address the varying needs and capacities of different sizes and types of municipalities (“one size does not fit all”)
10.	Solutions should provide meaningful benefits for municipalities, the province, and taxpayers

The Recommendations⁸

While CMP supports several of the conclusions and recommendations contained in the Council’s Report, some are inconsistent with and opposite to the Principles listed above, including those in the CRMP. Figure 2 provides further detail regarding the foregoing.

Figure 2: Consistency of Recommendations with Principles

Recommendation Number (GoA, 2007, pp. 2 and 3)	Inconsistent with Principle No. and Why
Inter-municipal Cooperation	
<p>2. In areas where municipalities are unable to resolve their differences, but the disagreements are generally limited to a small number of municipalities, the province should require the affected municipalities to negotiate inter-municipal development plans (IDPs) that address issues related to regional planning, land use, and cost-sharing and/or revenue sharing where appropriate.</p> <p>A final offer arbitration system should be used to resolve disputes where municipalities are unable to agree upon an IDP within a specified period.</p>	<p>Principle 3 – Forces disputing municipalities to give up autonomy after specified period.</p> <p>Principles 4 & 8 – Municipalities in dispute cannot be responsive to taxpayers if they are subject to imposed arbitration; though CMP recognizes there must be a mechanism to formally resolve issues. To preserve accountability during periods of dispute, we suggest good faith negotiations and mediation precede contractually driven binding arbitration.</p> <p>Principle 10 – Revenue sharing will not provide meaningful benefits to stakeholders – it simply encourages spending – whereas “cost sharing” drives fiscal responsibility benefiting all.</p> <p>Note: Recommendation also inconsistent with CRMP principles of ensuring community identities are supported and all residents in the Capital Region benefit from anticipated economic growth.</p>
<p>3. In metropolitan or high growth areas involving a larger number of municipalities and more complex inter-municipal relationships, more formalized regional agencies should be established. These agencies would have a mandate to develop growth management plans for the region, address cost and revenue sharing issues where appropriate, and coordinate planning, land use and service delivery.</p> <p>In these areas, Municipal Development Plans (MDPs) must be required to conform to these regional plans. Each regional agency must also have the authority to make decisions in the absence of consensus, but the decision process must incorporate some form of “double majority” (e.g. decisions require the support of a majority of the region’s municipalities that collectively represent a majority of the region’s population) in order to properly balance the interests of communities large and small. Municipalities in these areas should be given time to work out the specific arrangements that best meet their needs, but in the absence of agreement provincial direction would be provided.</p>	<p>Principles 3, 4 & 8 – Mandated regional agency approach could undermine: municipal autonomy; being accountable to taxpayers (introduces new costs to the taxpayer); and, the ability of municipalities to effectively manage relationships for the betterment of their region.</p> <p>Principle 6 – Undermines the ability of any one municipality to ensure regional decisions do not negatively impact neighboring municipalities.</p> <p>Principle 9 – Discourages tailored solutions – imposes a “one size fits all” approach.</p> <p>Principle 10 – Revenue sharing will not provide meaningful benefits to stakeholders – it simply encourages spending – whereas “cost sharing” drives fiscal prudence benefiting all.</p> <p>Note: Recommendation also inconsistent with</p>

⁸ While the CMP recognizes the GoA has officially responded to the Council’s Report recommendations in a July 16, 2007 News Release (GoA 2007c), it does not change our position regarding the recommendations proposed by the Minister’s Council

Recommendation Number (GoA, 2007, pp. 2 and 3)	Inconsistent with Principle No. and Why
	CRMP principles of ensuring community identities are supported and all residents in the Capital Region benefit from anticipated economic growth.
4. The Province of Alberta, in consultation with municipalities and their associations, should examine opportunities for facilitating the establishment of regional service delivery agencies and enacting enabling legislation to allow these agencies to levy and collect their own revenues (e.g. a fuel tax and/or a surcharge on motor vehicle registrations), as a means of further enhancing the coordination and delivery of key regional services such as transportation services.	Same as above for Recommendation 3, plus: This recommendation is inconsistent with a fundamental municipal requirement to deliver services within the most cost effective means. Regional service delivery is not always more cost effective and/or efficient (see Appendix C – The Costs and Benefits of Regional Government)
Municipal Revenue Sources	
9. The GoA should enact enabling legislation to authorize municipalities, at their discretion, to levy and collect additional own-source revenues as a means of strengthening municipal capacity to address ongoing operational sustainability and better respond to growth pressures. The specific additional own-source revenues recommended are: a) Amusement Tax, b) Tourism Tax, c) Property Transfer Tax, d) Vehicle Registration Tax, e) Expanded Scope for Development Levies in Support of directly Related Local Services, and f) Limited Split Mill Rates within the Non-Residential Property Class.	CMP does not support methods a – d (CMP supports e and f). This is inconsistent with our belief that the duty of the municipality is to provide a reasonable level of service at reasonable cost and level of taxation. Principle 10 – CMP does not see methods a – d as providing meaningful benefits to municipalities, the province or taxpayers. Further, these taxes are not a cost effective solution for broad application across the province.

Given that some recommendations are inconsistent with the above noted Principles (including those in the CRMP) and our concerns respecting the Council’s Report input process, CMP encourages the Minister of Municipal Affairs and Housing to undertake a full consultation with all Alberta municipalities to find solutions consistent with these Principles and revise the recommendations, accordingly, prior to implementation.

In that regard, CMP strongly supports the GoA’s decision through the CRMP to create a regional growth management plan and associated governance structure consisting of municipally-elected representatives of the 24 municipalities in the Capital Region. We also endorse the stated commitment in the CRMP terms of reference the plan will not result in amalgamation or create a “new order of government.” This is consistent with the “Regional-Cooperative” model proposed in this document.

ISSUES ARISING FROM THE COUNCIL’S REPORT

As previously noted, implementing the Council’s Report recommendations will have a significant impact on municipalities throughout Alberta. Below CMP has provided further detail as to these impacts and in some instances has offered alternative approaches for the GoA’s consideration.

COMPOSITION OF MINISTER'S COUNCIL

Given the process used to develop the recommendations contained in the Council's Report and the impact of implementing any of the recommendations, CMP feels strongly the Minister's Council requires enhanced rural participation. At present, three members represent the interests of larger urban municipalities (i.e. the City of Edmonton, City of Calgary and President of the AUMA), whereas rural municipalities are all represented by one member (the President of the AAMD&C). This imbalance increases the risk for potential bias towards large urban center needs and agendas for managing anticipated growth. Should the Minister's Council undertake new roles and activities (e.g. consultations on the implementation of recommendations), CMP requests Council membership be expanded to include stronger rural representation.

It should be noted CMP fully supports the GoA's recently announced CRMP approach to host a facilitated workshop with 24 municipalities in the Capital Region regarding regional growth management go forward strategies (GoA, 2007b). This is an important initiative, which supplements the foregoing recommendations.

REGIONAL GOVERNANCE THROUGH COLLABORATION - NOT REGIONAL GOVERNMENT

Recommendations 3 and 4 call for the development of formal regional service delivery agencies (i.e. a form of regional government) that would develop growth management plans for the region; address cost- and revenue-sharing issues; and, coordinate planning, land use and service delivery. While we support cooperative development of regional plans – such as the Regional Growth Strategy proposed by the Alberta Capital Region Alliance (ACRA) (See Appendix D – ACRA Regional Growth Strategy) – we feel strongly that sustainable solutions can only occur through inclusive, collaborative efforts that respect the autonomy and local accountability of municipalities within a region.⁹

CMP does not believe effective and efficient regional governance can only be supplied through a formal regional government structure (e.g. regional service delivery agency or municipal consolidation). Rather, CMP favours a coordinated and collaborative decision-making process enabled through a Regional-Cooperative approach, which is consistent with the approach outlined in the CRMP. This will preserve municipal autonomy and accountability, while providing efficient mechanisms for decision-making and dispute resolution to leverage regional efficiencies, where available.

⁹ This view was supported by the conclusions reached in Hyndman's 2000 Review of Alberta Capital Region Governance, where he states that "... partnerships are the best option" and "... [t]he old style, centralized approach with command and control from the top is not the way to govern ..." (p. 11). Further, based on extensive consultation in the Capital Region during the preparation of his report, he concludes "... the consensus in the region is that people do not want another layer of government. They're not looking for a 'super council' to oversee the work of others. Nor do they want their local councils absorbed by a larger body responsible for the region as a whole" (p. 15).

Our specific concerns with a regional government model and the comparative benefits associated with a Regional-Cooperative model are summarized in Figure 3:

Figure 3: Regional Government Model vs. Regional-Cooperative Model

Regional Government Model	Regional-Cooperative Model
One dominant player in the hierarchy of several, usually the core municipality – leading to the interest of largest stakeholder dominating decision-making.	Joint, collaborative issue management that seeks to find common ground and optimize efficiencies for service delivery where practical and where mutual benefit exists.
Rigid structure and processes - larger regional government structure cannot be as responsive to smaller cities, towns and villages in a region.	Flexible structure that responds to a dynamic economy.
Diluted democratic model – the approach, if adopted in Alberta would require legislative change to elect regional government officers who must be accountable to all taxpayers and would be challenged if they advocated rural interests over urban, or vice versa.	Respects and maintains municipal autonomy and ensures those responsible for making decisions are accountable to their constituents. Approach is more responsive to the interests and needs of individual cities, towns and villages within a region.
<p>Promotes and encourages revenue sharing, which results in the redistribution of wealth inconsistent with Alberta’s municipal traditions and disregards the sacrifices made by regional municipalities to earn the revenue. For example, Capital Region Counties have overcome the NIMBY syndrome and embraced industry into their community and have done so by accepting a degree of risk. They have also indexed and adjusted their mill rates to reflect real cost increases for services – they did not take the politically expedient approach of artificially keeping mill rates low to attract revenue.</p> <p>In addition, revenue sharing does not drive accountability to those responsible for spending. For example, this approach would put at risk industry tax revenues expected by some of the Capital Region Counties, which are required to address rising taxpayer needs.</p>	<p>Promotes and encourages cost sharing, which is a responsible approach to governance. Cost sharing respects individual sacrifices made to earn revenue, seeks to find projects with mutual benefit and distributes the costs appropriately based on user data.</p> <p>Cost sharing discourages spending for purely political gain.</p>

According to research conducted for this report, the failings of regional government models are evident across Canada in Toronto, Ottawa-Gatineau, Hamilton, Montreal, and Winnipeg, and in several locations in the United States (Acton et al. 2007, Razin and Smith 2006, Savitch and Vogel 2000, and Staley 1992). On the other hand, regional cooperative models, which are focused more heavily on the principles of equality and inclusiveness where the process of governance is the focus, have been used successfully where implemented in the United States (Staley 1992, LaRoux 2006, and Razin and Smith 2006; see Appendix C – The Costs and Benefits of Regional Government).

Closer to home, numerous Alberta examples exist of successful inter-municipal cooperation such as: the Red Deer and Red Deer County Inter-municipal Agreement, the Strathcona County and City of Fort Saskatchewan Boundary Accord, the Edmonton Region Water Customers Group, the Leduc County Regional Ambulance Services, and the Parkland County Emergency Communications Centre handling calls coming from 23

municipalities. Details of these and other examples are provided in Appendix A – Examples of Inter-municipal Cooperation.

Looking to the future, CMP believes a Regional-Cooperative model should be considered for implementing regional strategies. It would leverage the work already completed (e.g. Hyndman, 2000), existing inter-municipal agreements and shared services arrangements, and existing regional governance vehicles (e.g. ACRA and Calgary Regional Partnership). Further, within that framework, CMP members support the inclusive and cooperative development of Regional Growth Strategies that incorporate municipal autonomy and accountability, use voluntary cooperative agreements, build on the effective initiatives already in place, and acknowledge that all parties will need to compromise to achieve success. As stated in Hyndman (2000):

New solutions can't be imposed ... that approach simply won't work. Experience in other provinces shows us the turmoil that forced solutions can cause. Instead, we need to take this step by step, sort out problems as we go, and develop new approaches and solutions cooperatively (p. i).

To that end, we have outlined an alternative path forward commencing at p. 10 under Opportunities for Sustainability, which is consistent with the approach in the CRMP. Using the Council's Report and the CRMP (including the forthcoming consultation process) as a foundation, CMP welcomes the opportunity to discuss with the Minister of Municipal Affairs and Housing and all other stakeholders the future direction for regional growth management and decision-making through the collaborative, but independent engagement of municipalities in the province.

COST SHARING - NOT REVENUE SHARING

CMP supports transparent, regional cost-sharing initiatives that benefit residents. We are also willing to address, through a collaborative framework, situations where it is demonstrated one municipality is bearing a disproportionate share of costs for initiatives that benefit the broader population. Conversely, we do not support revenue sharing as referenced under "Inter-municipal Cooperation" – Recommendation 2 of the Council's Report. Revenue sharing discourages sound economic planning and is inconsistent with Principles 4 and 8, which state municipalities should be accountable to, and effectively manage their relationships for the benefit of, their taxpayers/residents (i.e. the expenditure of tax dollars) (See Figure 3, at p. 7). It is also inconsistent with the CRMP principles of ensuring community identities are supported and all residents in the Capital Region benefit from anticipated economic growth.

Both Acton et al. (2007) and Applications Management Consulting Inc. (2006) provide evidence that rejects commonly made assertions regarding the perceived "financial inequity" between adjacent urban and rural communities;¹⁰ arguments used to support

¹⁰ According to Acton et al. (2007), larger municipalities base their definition of financial inequity on two basic arguments. The first is "rural border communities are a drain on larger urban centers, making use of infrastructure and services without contributing to the tax base" (p. 20). Both Acton et al. (2007) and Applications Management Consulting Inc. (2006) found that while bordering communities may draw on large city services and infrastructure, they also contribute significantly to the economy through the purchase of

the concept of revenue sharing. The Acton study calls for a “broader understanding of these perceived financial inequities before developing mechanisms to address them” (p. 20).

NEW SOURCES OF OWN-SOURCE REVENUE TO MUNICIPALITIES

While CMP supports the general concept of Recommendation 9 – the enhanced ability for municipalities to collect own-source revenues as a means of strengthening municipal capacity (e.g. the “Expanded Scope for Development Levies in Support of directly Related Local Services and Limited Split Mill Rates”) – we do not support new forms of taxation such as amusement, tourism, property transfer, and vehicle registration taxes imposed on the general public. CMP views these new forms of taxes as inconsistent with Principle 10 that solutions must provide meaningful benefits to municipalities, the province and taxpayers. Further, these taxes are not a cost effective solution for broad application across the province.

DISPUTE RESOLUTION MECHANISMS

Under the *Municipal Government Act* (MGA), voluntary regional cooperation is the primary mechanism for regional planning. The Municipal Government Board (MGB) is relied on for dispute resolution. In 2007, Acton et al. reviewed how effectively the MGB processes met the needs of participants engaged in dispute resolution regarding municipal annexations and appeals. Their report listed three principal issues with the current mechanisms:

- “The duration of the processes is too long and too expensive causing inequity between disputing parties¹¹
- Guidelines are unclear on the appropriate participation of residents, taxpayers, landowners, and electors.

goods and services in the city (p. 20 and p. 3, respectively). The second is that “large-scale industrial/commercial developments in rural areas are using the urban municipality’s resources, but paying taxes to the rural municipality, thereby creating an imbalance.” Acton et al. (2007) states, “Rural areas need to acquire industrial and commercial development and increase the density of residential populations in order to cover their costs” (p. 20). Further, as mentioned in Figure 3 at p. 7 herein, rural areas often adjust their mill rates to address these rising costs at significant political and economic risk.

¹¹ For example, “the *MGA* provides an adversarial approach to conflicts within fringe areas. Filing an appeal on proposed development, under Section 690 of the *Act*, results in a lengthy resolution process before the MGB. Aside from the cost and manpower requirements of responding to such an appeal, it results in a freeze on development during the resolution process. There is potential that this can be used to delay the inter-municipal dispute process” (Acton et al., 2007, pp. 20 & 21). Also, “taking disputes before the MGB for resolution involves major costs. One of the rationales often given for the request for provincial funding during inter-municipal disputes is that relative municipal government finances and staffing creates an uneven playing field. In many cases there is significant inequity between the resource and financial ability of the respective municipalities to negotiate and draft a policy or agreement” (Acton et al., 2007, p. 18).

- There is a concern the MGB lacks effectiveness and board members lack knowledge on the issues they are adjudicating” (p. 17).

CMP supports the Minister’s Council suggestion that inter-municipal disputes be resolved, ultimately through arbitration (Recommendation 2). CMP’s view is that such arbitration must be contractually driven and preceded by the preliminary steps of good faith negotiations and mediation supported by GoA mediation services.

Municipalities having responsibility for their own decisions and associated dispute resolution processes would be a significant gain for local autonomy. Nevertheless, and to ensure unnecessary delays are avoided, the negotiation, mediation and arbitration processes must be subject to tight time frames and professionally facilitated. The GoA’s professional mediation services are a significant resource in this regard. We also suggest the final arbitrator could be selected by the municipalities or by the Court.

OPPORTUNITIES FOR SUSTAINABILITY

CMP recognizes the services and infrastructure pressures being exerted on all municipalities by Alberta’s unprecedented economic and population growth. Nevertheless, the key to effectively addressing these pressures is through the adoption of sustainable solutions involving all stakeholders as opposed to strategies, which have the potential to benefit one municipality at the expense of others. It is within the context of the collaborative approach outlined in the CRMP CMP offers the following Regional-Cooperative solution components for the GoA’s consideration.

A REGIONAL-COOPERATIVE MODEL FOR REGIONAL GOVERNANCE

To effectively address many of the issues arising from the Council’s Report and outlined in the CRMP, CMP proposes the adoption of a Regional-Cooperative regional governance model for Alberta (e.g. Edmonton, Calgary and other regions). The model provides a fair, accountable, sustainable and responsible mechanism for advancing effective growth management and the efficient delivery of services to taxpayers. It also preserves the autonomy and accountability for decision-making of municipalities and is consistent with the Principles outlined in the Council’s Report and the CRMP strategy.

The components of the proposed model and the anticipated involvement of the GoA and benefits of this approach are discussed below.

Regional-Cooperative Model – Fairness, Autonomy and Accountability

Governing Principles

The Principles, upon which the Regional-Cooperative model would be established, as described by Acton et al. (2007), include the following (please note, many of these Principles have been captured in the Council’s Report):

- **Fairness** – Intra and inter-municipal land use planning and its associated structures and processes must ensure municipalities, residents, landowners, and other affected stakeholders are all treated in an equitable manner.
- **Autonomy** – Municipalities must continue to be provided with the maximum level of control over land use planning. The 1995 amendment to the MGA solidified municipal autonomy (self-government) and this principle should be maintained.
- **Accountability** – Municipalities are accountable for responsible development. The land use planning process must ensure development is proceeding in a responsible manner, making the best use of municipal resources and balancing economic, social, and environmental implications.
- **Equal Opportunity** – All municipalities must have the opportunity to grow and prosper within their boundaries. Wherever possible, development in one municipality cannot result in the loss of an equal or greater opportunity in an adjacent municipality.
- **Flexibility** – Municipalities should be able to identify options that work best for themselves while also fitting with the needs of the region. One-size-fits-all solutions do not take into account the diversity of Alberta communities and the diversity of relationships currently in place.
- **Cooperation** – Municipalities must work together to support joint planning. Land use planning is most effective when it embraces a regional approach.
- **Sustainability** – Effective municipal land use planning must balance economic, environmental and social factors.
- **Transparency** – Decision making processes associated with land use planning must be open and transparent to all affected parties.
- **Timeliness** – Processes must ensure applications, appeals, and disputes are resolved in a timely manner (pp. 6 and 7).

It should be noted the above principles are consistent with those outlined in the CRMP terms of reference, being ensuring community identities are supported and all residents in the Capital Region benefit from anticipated economic growth.

Composition, Participation and Decision-Making (Voting)

With due consideration of the above-noted Principles, the Regional-Cooperative model could be governed through a regional organization consisting of all impacted municipalities and some form of agreed upon decision-making model. This approach reflects that suggested in the CRMP. For example, in the Capital Region, ACRA consists of the Capital Region's 23 municipalities (although at present not including the City of Edmonton). At its January 4, 2007 Board meeting, ACRA proposed decisions be made through a non-consensus, double majority voting structure, as follows:

Step 1: Each member municipality has a single non-weighted vote. Two-thirds of the votes (16 out of 23) are required to pass a resolution (15 out of 22 if Edmonton is not at the table).

Step 2: Of the 16 votes required for the 2/3 majority vote in Step 1, a second step requires a 50% majority of a weighted vote across three membership categories (city, county, or town/village). A minimum of 50% of the vote in each category is required to pass the resolution, or 13 out of a total of 26 votes in the manner outlined below. For the purposes of this Decision-Making Framework, a 50% vote is deemed to have been carried or supported.

- 4 of 8 city votes
- 2 of 4 county votes
- 7 of 14 towns/villages votes

Under the requirements of Step 2, each member municipality has a single vote, but the votes are weighted according to population (Edmonton would have 4 votes and all the other members would have 1 vote).

Population	Weighted Vote	Member's Votes
Under 100,000	1	22 (1 each)
Over 100,000	4	4 (4 for Edmonton)
Total Votes = 26		

Additional Requirements:

- In the event a decision imposes financial liabilities on a member municipality the affected Council must also ratify the decision.
- Meeting quorum is two thirds of the member municipalities (16 out of the 23 members or 15 out of 22 members if Edmonton is not at the table).

To summarize, CMP is recommending a voting structure similar to the foregoing could be applied throughout Alberta in other regions. Each vote at the regional organization includes two qualifiers - 2/3 of total votes of members (not just present) and on second review a minimum of 50% of the votes of each of the groups. A large municipality (population over 100,000 – the population threshold could be adjusted to reflect local conditions) within a region would have 4 votes (50% of the large jurisdiction vote). This structure ensures that decisions will have a balanced perspective, urban and rural, large and small. It also effectively blends the principle of representation by population with one Council, one vote as recommended in the Council's Report and the CRMP terms of reference.

Dispute Resolution

CMP recommends the Regional-Cooperative model incorporate a contractually driven dispute resolution mechanism consisting of good faith negotiations, mediation utilizing the GoA's mediation services and supported by clear guidelines, followed by a mandatory final position arbitration process. Although cooperation among municipalities should be voluntary and the overall impact on all municipalities must be the primary consideration, it may be necessary to mandate a process for some disputes if cooperative resolution through good faith negotiations is not possible. Dispute guidelines could include failing to reach an agreement within a defined period of time automatically resulting in mediation for a defined time frame before triggering binding arbitration (timelines and arbitration are consistent with Recommendation 2 of the Council's Report and the CRMP strategy). The final arbitrator could be selected by the municipalities or Court.

Government of Alberta Involvement for Success

CMP supports the GoA's role as evidenced by the recently announced CRMP approach in encouraging all regional municipalities to work collaboratively to establish minimum requirements for cooperation and drive decisions on governance issues. Consequently, CMP requests the Minister of Municipal Affairs and Housing consider the Regional-Cooperative governance framework proposed in this report as an effective and responsible path forward for inter-municipal and municipal-provincial cooperation. CMP members will also be participating in the CRMP process with the other municipalities in the Capital Region regarding regional growth management go forward strategies. Our intent is to table the Regional-Cooperative model at the workshop for discussion.

Anticipated Outcomes from the Regional-Cooperative Model

CMP recommends regional growth strategies be developed in a collaborative framework using a Regional-Cooperative model for regions where intense, rapid development is affecting multiple municipalities (e.g. Calgary and Edmonton regions). Implementing the same within those and other regions is consistent with the Council's Report and CRMP principles and objectives and will provide the following benefits:

- Enhanced governance flexibility and innovation.
- Enables appropriate use of private sector partners to ensure efficient service delivery.
- Regional growth strategies with mechanisms for cost sharing on regional projects on a case by case basis as opposed to revenue sharing, the latter which encourages spending, does not address future needs and is a quick, short term fix.

- Continued evolution of inter-municipal structures (e.g. ACRA) to address, through cooperative approaches, growth pressures where each municipality maintains its autonomy and remains accountable to their taxpayers.
- Inclusive, equal and autonomous involvement by all stakeholders in a transparent and fair process to find equitable, sustainable solutions. This should encourage full participation at the regional table with a willingness to explore evidenced based solutions.
- Clear, timely and inclusive processes to resolve disputes, thereby ensuring issues do not stagnate and negatively impact growth.

On the whole, the Council's Report and CRMP strategy are positive steps forward to support collaborative regional governance in the Province; however, we firmly believe a Regional-Cooperative model, and not a new form of regional government or the imposition of solutions on municipalities, is the most appropriate approach to meeting Alberta's growth challenges and taxpayers expectations.

CREATING AN EXAMPLE FOR ALBERTA - A CAPITAL REGION GROWTH STRATEGY

At the January 4, 2007 Board Meeting of ACRA, a Mayors' Task Force was directed to develop Terms of Reference for a Regional Growth Strategy. An RFP outlining the scope of work was completed and a proposal from Envision selected to do the work for an estimated cost of \$500,000. Twenty-two of twenty-three Capital Region municipalities have endorsed this direction (Edmonton has not) and are committed to moving forward (See Appendix D – ACRA Regional Growth Strategy). In support of this work, ACRA submitted an application to Municipal Affairs and Housing to finance the work.

The RFP for the Regional Growth Strategy includes two major components: the creation of a desired willed future in the form of a vision and goals; and, the development of land use, economic, and social policies to support and implement the vision/goals. The new vision will form the basis of the policies in the new Regional Growth Strategy and will include: an inventory and review of existing planning documents, land use and infrastructure; appropriate demographic and economic forecasts & modeling; assessment of regional challenges and needs.

ACRA's approach could be easily amended to comply with and reflect the components outlined in the CRMP terms of reference (i.e. appointment of board to develop and implement a regional growth plan). CMP members, that are part of the Capital Region, would also welcome the re-engagement of the City of Edmonton in developing the Regional Growth Strategy. To ensure all stakeholders are effectively represented and the Regional Growth Strategy completed within an acceptable timeframe, CMP proposes the establishment of a subcommittee of ACRA (or an alternative structure as per the CRMP) comprising the following members:

- 2 County representatives
- 2 City representatives (i.e. one from Edmonton)
- 2 Village/Towns representatives
- 1 Municipal Affairs department representative (either the Deputy Minister or an Assistant Deputy Minister)
- 1 Business Community representative (Chamber of Commerce or Economic Development Authority)
- 1 Member at Large (potentially selected by ACRA's Board or the new organization's Board)

Decisions would be made through a consensus based model. The Task Force would review the Regional Growth Strategy every two years, or as directed by ACRA, and would be approved by ACRA using their new double weighted voting system (dispute resolution processes as described above would not apply to the Strategy as CMP is of the view it must be consensus driven to be sustainable).

CONCLUSION

The CMP understands change must occur to meet the ever increasing challenges and opportunities arising from Alberta's economic prosperity. We also recognize doing so means local governments must set aside their parochial differences and look for common areas of agreement.

Nevertheless, the answer to resolving these differences is not through the adoption of a regional governance structure that has a limited track record of success, undermines local autonomy and accountability, and inappropriately favors the competing interests of one stakeholder over another. Rather, the province needs and deserves a governance framework that encourages collaboration, provides for the effective and efficient resolution of disputes, and delivers value to all impacted residents within a region. The CMP firmly believes the Regional-Cooperative governance model proposed in this report reflects the GoA's CRMP principles and objectives and will meet the needs of all municipalities, the GoA and Albertans.

In that regard, each CMP member is ready and prepared to work with all stakeholders in arriving at a mutually beneficial solution. We look forward to the GoA engaging all municipalities in discussions (including the CRMP consultation) that will have positive long-term consequences and encourage strong, productive relationships between municipalities with the ultimate goal of better serving our communities going into the future