



September 17, 2015

Honourable Deron Bilous
Minister of Municipal Affairs
404 Legislature Building
10800 – 97 Avenue
Edmonton, AB T5K 2B6

Dear Minister Bilous:

Thank you for the opportunity during the final working group meeting to discuss key outcomes for the MGA review.

AUMA is asking for your support in ensuring that three key outcomes are achieved:

1. Reframe the provincial-municipal relationship as a collaborative, government to government partnership.
2. Address concerns with municipal finances to ensure that municipalities have the necessary revenue to provide essential services to Albertans.
3. Modernize legislation to reflect the growing importance of regionalization.

I have attached a description of these outcomes and a supporting rationale. We believe these outcomes should be used to guide the remaining legislative amendments and regulatory changes.

Sincerely,

A handwritten signature in black ink, appearing to read "Helen Rice".

Helen Rice
AUMA President

Enclosure

Outcomes for MGA Review

Partnership

Outcome	Rationale
<p>Reframe the partnership between the province and municipalities as a collaborative, government to government relationship.</p>	<ul style="list-style-type: none"> • Municipalities are more than just another stakeholder: they are democratically elected orders of government accountable to their citizens and communities. • Municipalities and the province should act collaboratively in a partnership to ensure good governance for all Albertans.
<p>Key Changes</p>	
<p>Require mandatory municipal consultation and engagement when municipal interests are impacted by the decisions of any provincial ministry.</p>	<ul style="list-style-type: none"> • Municipalities are the most informed level of government on local issues and details.
<p>Empower municipalities with the autonomy to make local decisions without provincial oversight.</p>	<ul style="list-style-type: none"> • Municipalities are currently required to receive provincial approval on numerous decisions of local interest <ul style="list-style-type: none"> ○ (e.g. establishing community revitalization levies, creating municipally controlled corporations, and spreading revenue deficiencies across multiple fiscal years.) • The current system creates needless red tape that impedes good governance for both municipalities and the province. • Municipalities are best suited to understand local issues, and should be empowered to make local decisions without undue provincial oversight.

Municipal Funding

Outcome	Rationale
<p>Address concerns with municipal finances to ensure that municipalities have the necessary revenue to provide essential services to Albertans</p>	<ul style="list-style-type: none"> • Many core public infrastructure and services are at risk as there are insufficient resources for municipalities. • Without change, Alberta’s economic development, competitiveness and productivity will be significantly impaired as local infrastructure and services will not be adequate. • As well, public health, safety, and wellbeing will be jeopardized and environmental stewardship could be insufficient.
<p>Key Changes</p>	
<p>Shift away from the current system of insufficient, unpredictable, inflexible conditional grants to a system of statutory and indexed grants for core services.</p>	<ul style="list-style-type: none"> • Historically, provincial transfers to Alberta municipalities have been in the form of unpredictable and insufficient conditional grants. • Provincial transfers to municipalities should be shifted to statutory, unconditional grants for core municipal services. • This system would increase efficiency, transparency, and predictability for both municipal and provincial decision makers, making fiscal planning more effective. • As well, it ensures that services are not downloaded on municipalities without sufficient resources.
<p>Provide municipalities with a set share of provincial revenue.</p>	<ul style="list-style-type: none"> • Statutory grants can be effectively designed based on a set percentage of provincial revenue being transferred to municipalities. • This system is highly predictable, transparent, and simple. • Existing models of this type of system have been effectively introduced in Saskatchewan and Manitoba.
<p>Reform property assessment and taxation to better align the cost of services provided with revenues available.</p>	<ul style="list-style-type: none"> • The current property assessment and taxation system has numerous gaps that detach property taxation from the services that properties consume. • One example includes linear property taxation. As linear property is predominantly located outside urban municipalities, they do not receive the taxes from it. However, the companies and employees who utilize this property are often located in urban municipalities, and consume their services. Linear taxation should be reformed to ensure that the

	<p>municipality providing services is the one receiving taxation income.</p>
<p>Provide municipalities with broader revenue authorities to fund the essential infrastructure and services they provide.</p>	<ul style="list-style-type: none"> • Municipalities are currently highly restricted in their revenue generating authority, with the vast majority of local revenue coming from property taxes. • Providing municipalities with the authority to utilize additional fees, levies, and tolls would allow them to recoup costs from the consumers of their services and infrastructure. • This would increase municipal capacity to fund services and infrastructure, reducing dependence on provincial transfers.

Regionalization

Outcome	Rationale
<p>Modernize regional governance tools and authorities to reflect the ongoing trend towards regionalization in Alberta.</p>	<ul style="list-style-type: none"> • The rapid growth of Alberta municipalities has led to unprecedented changes in our communities that are rendering old legislation regarding regionalization obsolete. • Regionalization is already occurring through models such as regional governance boards and regional services commissions; however these existing tools do not address all of our needs. • Examples of necessary changes include: <ul style="list-style-type: none"> ○ Ensuring that municipal regions are prepared for future growth through the mandatory creation of intermunicipal development plans. ○ Clarifying and streamlining the process of amalgamation. ○ Clarifying and streamlining the process of annexation.
<p>Key Changes</p>	
<p>Ensure that municipalities have the authority to utilize effective regional financial models.</p>	<ul style="list-style-type: none"> • The current trend towards regionalization comes with new costs that municipalities currently do not have the capacity to fund. • New services including regional transit and infrastructure require new funding models, such as regional gas taxes or tolls. • Existing taxation systems such as linear property taxation need to be reformed to match the cost of services provided to those who use and own property.

