Munis 101: The Essentials of Municipal Governance

Participant Workbook

About the EOEP

The Elected Officials Education Program (EOEP) is jointly owned and operated by the Alberta Association of Municipal Districts and Counties (AAMDC) and the Alberta Urban Municipalities Association (AUMA). The EOEP was formed in 2007 to provide Alberta's municipal elected officials with professional development opportunities and ensure that they are well-positioned to serve their communities effectively.

About AAMDC

The Alberta Association of Municipal Districts and Counties (AAMDC) is an independent association representing Alberta's 69 counties and municipal districts. Since 1909, the AAMDC has helped rural municipalities achieve strong, effective local government.

About AUMA

Founded in 1905, the AUMA represents 269 urban municipalities including cities, towns, villages, summer villages, and specialized municipalities. AUMA works with federal and provincial governments and business and community stakeholders on a broad range of issues to strengthen the economic, social, cultural, and environmental vitality of its member municipalities.

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Welcome and Introduction

Welcome to the Elected Officials Education Program (EOEP) *Munis 101: The Essentials of Municipal Governance* course. Over the next two days, we will be covering a wide range of information and engaging in a variety of discussions and activities, all designed to give you the basic knowledge and skills you need to begin your new role as an elected official.

If you are not "new" to the role of elected official, but are starting another term on council, we have designed the course to help you hone your skills and knowledge, as well as share the benefit of your experience with others in the course.

Your feedback regarding the *Munis 101* course is very important to us. During the course, we will ask you to provide your insights and observations. We thank you in advance for taking the time to fill out the evaluation forms, as your input will help us to ensure this important course is meeting the needs of Alberta's elected officials.

Understanding the Workbook

Did You Know?

Interesting facts related to course material.

Glossary

Definitions of terms used in course material.

Apply My Knowledge

Course activities for you to complete individually, with a partner or in a small group.

New in the MGA

Additions and/or changes to the *Municipal Government Act*.

What Does this Mean in My World?

A place to write your own reflections and insights on how you might apply a concept or idea to your own municipal circumstances.

Reading & Resources

References and links to additional information on the topic.

Module 1: Apply the Basics of Municipal Governance and Legislation in Alberta

After completing this module, participants will be able to:

Distinguish the role of municipalities in Alberta, by:

- identifying what a municipality is and how it fits within Canada's orders of government;
- outlining the municipality's role in delivering services; and,
- recognizing the role of community planning in delivering services.

Govern within the municipal organization and function, by:

- applying an adaptive framework for municipal planning and governance; and,
- identifying municipal structures and changes.

The Role of Municipalities in Alberta

In this first component of the course, we will be setting the stage by spending a bit of time considering the context of municipalities in Canada and, more specifically, the role of municipalities in Alberta.

Municipalities and How They Fit Within Canada's Orders of Government

Like most of our Canadian political systems and institutions, the concept of municipal government comes from the British system of government established in medieval times. The first municipality to receive a charter was the City of London, England in 1075.

Fast forward a few hundred years, and we find the first Canadian municipality, the City of Saint John, New Brunswick, receiving royal approval in 1785. Between 1840 and 1841 various acts were created by the Canadian government that established municipal governments throughout Canada. But it wasn't until 1849, when the Legislative Assembly of the Province of Canada approved the Canadian Municipal Corporations Act, that authority was delegated to municipal governments to raise taxes and enact by-laws.

Since that time, municipalities have existed in Canada for the purpose of providing services that residents need at the local level (like water, roads, cemeteries, etc.). They also exist to guide municipal development and enact by-laws to ensure the safety and effective administration of the community.

Reading & Resources

If you'd like to learn more about Canadian municipalities, the Constitution Act and the Canadian federal system visit Canada's online Library of Parliament

https://lop.parl.ca/content/lop/researchpublications/bp276-e.htm

A fact that may surprise many Canadians is that municipalities are not recognized as a level of government in Canada's *Constitution Act*. Provinces have exclusive control over the municipalities in their boundaries. Any injection of the municipal question into national constitutional discussions has, in the past, been greeted with much resistance by the provinces.

Section 92 of Canada's *Constitution Act* of 1867 confirms provincial authority in 16 areas. Section 92(8) establishes the legislative duty of provinces with regard to the creation of laws governing their municipalities. Other sections of the Act also have implications for municipalities, including Section 92(2), which facilitates provincial taxation. As a result of the governmental hierarchy, revenue can only be collected at the municipal level in manners outlined in provincial legislation.

Municipalities have not in the past been generally interested in being recognized in Canada's *Constitution Act* (unlike Indigenous peoples). While there has been much debate over the decades, Canadian municipalities have never formally set out to change the Act to ensure municipalities are constitutionally recognized.

A primary motivation for considering the constitutional recognition of municipalities stems from the reality that most Canadians reside in a municipality, as well as from an understanding of the crucial role municipalities play in providing services critical to the quality of life of all Canadians.

As it stands, provincial authority over the functioning and responsibilities of municipalities has not yet been constrained. With some exceptions, municipalities' powers are dictated by a provincial municipal act, while any changes to municipal duties must be approved at the provincial level.

Municipalities do have certain powers, Norman - but healing your tummy rash isn't one of them!

Through these provincial municipal acts, provinces can alter a municipality's boundaries or powers, as well as their financial resources, and can even dissolve individual municipalities.

There are instances over the years of the Province of Alberta adjusting municipal boundaries or statuses. Take, for example:

- the creation of the Regional Municipality of Wood Buffalo;

- the dissolution of the Village of Mirror; and,

- the amalgamation of Cold Lake and Grand Centre.

Did You Know?

The debate over the need for constitutional recognition of the status of municipalities predates Confederation. In fact, in his report of 1839, Lord Durham argued in favour of an organized system of municipal institutions on the basis of the need for people to settle their local problems and learn to become interested and involved in central issues. He argued that unless municipal institutions were guaranteed by the Constitution, "the legislature would never agree to renounce the taxation powers necessary for the establishment of municipal institutions."

From Dewing et al. (2006). Municipalities, the Constitution, and the Canadian Federal System

The purpose of municipalities is legislated by each provincial government. In Alberta, it is the *Municipal Government Act* (MGA) that legislates municipalities. In Alberta, a municipality is a corporation created by a statute (or the legislation) within the MGA.

The MGA specifies the purpose of all Alberta municipalities is to:

- provide good government;
- provide services that are necessary for citizens;
- develop and maintain safe and viable communities;
- collaborate with neighbouring municipalities; and,
- foster environmental stewardship.

New in the MGA

The expanded purpose of municipalities, to add collaboration and environmental stewardship, reflects the expanding role that local governments play in building and supporting heanthy and resilient communities.

Each province deals with the autonomy of municipalities differently when it comes to providing services, for example:

- In Manitoba, autonomy is about **sustainable service delivery based on population**. For example, any municipality of under 1000 residents must amalgamate with a neighbouring municipality based on the provincial government's assumption that a small municipality cannot efficiently provide services or function administratively to provide services. While within the Province's right to do so, the move was viewed as controversial by some.

- In BC, autonomy is about **sustainable service delivery through division of services**. For example, regional districts are composed of multiple municipalities that jointly provide solid waste, parks and recreation, water and economic development services.

- For Alberta, autonomy is about **sustainable service delivery through collaboration,** while still maintaining municipal autonomy. For example, the MGA now mandates collaboration as part of a municipality's purpose, but municipalities are able to decide how and to what extent they collaborate locally.

Apply My Knowledge

In Alberta, every municipality has certain legislated responsibilities. Referring to the list below, check the responsibilities you believe are legislated by the MGA for what Alberta municipalities must do to fulfill their purpose. You won't be asked to share your responses, but we will review them together.

❑ Provide good governance

❑ Provide a community cemetery

❑ Oversee the economic development of the municipality

❑ Provide essential services for residents and businesses (like water, sewer, garbage, emergency services)

❑ Ensure a safe community

❑ Ensure recreational opportunities for residents

❑ Collaborate with other municipalities and communities when it comes to municipal planning and the delivery and funding of intermunicipal services

❑ Provide K-12 education for children within the municipal boundaries

❑ Ensure adequate parking for businesses and residents

There is too much information in the MGA to cover all of its content in this course. Elected officials must familiarize themselves with the MGA. It will become your continual reference while you are in office.

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The Municipality's Role in Delivering Services

As mentioned above, part of the purpose, powers, and capacity of municipalities in Alberta is to provide services to their constituents. While the type and level of services varies among municipalities based on their rural or urban characteristics, as well as their geographic and population size, they typically will provide or manage:

- roads and transportation infrastructure;

- parks and recreation facilities;

- emergency services;

- solid waste collection;

- water treatment and distribution; and,

- wastewater collection and treatment.

In order to provide services, municipalities must:

- have a clear understanding of the current and future needs of their community;

- determine what services meet those needs;

- confirm the infrastructure (physical facilities or structures) needed to deliver the services; and,

- know what resources, like people and finances, that will be required to provide the services.

Beyond the municipality directly providing the services, there are other mechanisms available for municipalities to ensure constituents receive certain services. For example, municipally controlled corporations are private corporations where a municipality or group of municipalities hold a majority of the shares. While municipalities maintain a controlling interest, day-to-day operations occur outside the direct sphere of influence of the municipality. The Sheep River Regional Utilities Corporation is an example of a municipally controlled corporation.

Regional services commissions are another type of corporate entity through which municipalities can partner to provide services regionally. A regional services commission requires at least two municipalities and can also include First Nations partners as well. The Alberta Central East Regional Water Commission is an example of a regional services commission.

Let's put this into context. Say you are a councillor in a small Alberta town. One of the purposes of your municipality is to provide a safe community for residents. One of the services to accomplish this purpose is to meet the community's need for fire protection. The infrastructure and resources you require to provide fire protection services may include a fire hall, fire trucks, firefighters and access to water. Considering the size of your municipality and its access to tax revenues, you may want to consider a collaborative fire services agreement whereby all infrastructure is funded and shared by neighboring municipalities and fire services are provided regionally rather than only within the boundaries of one municipality.

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Did You Know?

Today, more than ever before, municipalities are experiencing pressure to provide additional services to constituents. The MGA doesn't just set out minimum requirements for Alberta municipalities. It also encourages municipalities to adopt innovative approaches to their own localized context.

The Role of Community Planning in Delivering Municipal Services

Community planning is a tool that enables municipalities to move through an iterative and adaptive process of continually evaluating all aspects of the current community and how it can continue to meet the needs of residents and other stakeholders in the future.

Engaging in a community planning process requires information and insights from many sources, including:

- elected officials;
- municipal staff;
- technical experts;
- potentially affected stakeholders; and,
- all community members.

A key component of any community planning exercise is considering current and future needs as part of an ongoing, adaptive process.

There are many forms of legislation, plans, bylaws, and processes that all combine to guide planning and develop the community. Planning occurs at different scales and follows a hierarchy that flows from the provincial level (large scale) to the site level (small scale), with increasing levels of detail. The following provides an overview of each level and is illustrated in the graphic below.

Figure 1: Planning Hierarchy

LARGE SCALE

INCREASING DETAIL

SMALL SCALE

PROVINCIAL SCALE: Alberta Land Stewardship Act, Land Use Framework

REGIONAL SCALE: Regional Growth Plan, Growth Management Board

MUNICIPAL SCALE: Municipal Development Plan, Land Use Bylaw, Intermunicipal Development Plan

NEIGHBOURHOOD SCALE: Area Structure Plan, Area Redevelopment Plan

SITE SCALE: Land Use Bylaw

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- Legislation: The Alberta Land Stewardship Act (ALSA) regional plans, representing the Provincial Scale in the Hierarchy, are paramount over all municipal plans. Plans, bylaws and decision-making further down the hierarchy must align with the ALSA regional plans.

- Statutory Plans: These are legal plans, adopted through the bylaw process for the purposes of facilitating local planning and economic growth, while acting as a guide for the future land-use expectations for both citizens and businesses. Statutory plans are differentiated by the following scales of hierarchy:

    - Regional Scale: This includes Intermunicipal Development Plans (IDP) and Intermunicipal Collaboration Frameworks (ICF)

    - Municipal Scale: This includes the Municipal Development Plan (MDP)

    - Neighbourhood Scale: This includes Area Structure Plans (ASP) and Area Redevelopment Plans (ARP).

    - The MGA requires that all statutory plans at all scales are consistent with each other, as well as with the ALSA regional plans.

- Bylaws: While the Land Use Bylaw (LUB) is required by legislation, it is not considered a statutory plan. This is the regulatory tool that is used by the municipality to implement the direction of their statutory plans. This can be considered within both the Municipal Scale, as it requires all areas of the municipality to have a land use designation (e.g. commercial, industrial, residential, etc.), as well as the Site Scale, as the LUB regulates the form and use of land on individual parcels of land.

- Processes: The individual processes that ultimately authorize the development of land, including the subdivision of land into different parcel configurations and development permits that authorize development to proceed, represent the translation of the higher level of Statutory Plans and Bylaws into what actually gets built. This represents the Site Scale of the hierarchy.

In addition to the hierarchy of legislated statutory plans and processes, there are a number of other strategies and plans that municipalities use to guide different aspects of community planning and service delivery. These are not mandatory, and the local context will determine the additional plans and strategies that each individual municipality chooses to undertake. These may include:

- Asset management strategies;

- Infrastructure master plans (water, wastewater, storm water, and transportation);

- Public engagement and communication plans;

- Economic development plans; and

- Integrated community sustainability plans.

As we get into components of the course that deal with planning and development we will be exploring some of these plans in more detail.
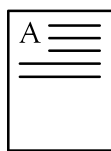
Glossary

Municipal Government Board

An independent and impartial quasi-judicial board established under the Municipal Government Act to make decisions about land planning and assessment matters.

http://www.municipalaffairs.alberta.ca/municipal-government-board

Apply My Knowledge

Your small town has a great multi-purpose recreation facility (the facility). In fact, residents of several neighbouring urban and rural communities recognize the facility's excellence and have been using it for years. The number of local and regional users has outgrown the capacity of the facility and it is now almost 40 years old. As a council, how would you answer these questions?

Consider this hypothetical scenario and, working with a partner or small group, answer the following questions.

1. What might be the current and future needs of the facility?

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2. What services may be needed?

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3. What infrastructure will be needed to meet those needs?

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Govern Within the Municipal Organization and Function

Municipalities are always evolving. The nature of their local demographics, economic circumstances, environmental features, societal conditions, and regional relationships are constantly changing. Therefore elected officials must be able to adapt their approach. What is an adaptive approach? There is no single way to define an adaptive approach, but there are some well-recognized steps to adaptive planning, as outlined in the graphic below.

Figure 2: Adaptive Planning

Confirm the objective (answer why).

1

Recognize the relationship between actions and outcomes in the past. Take a look back on what's been done before, not to repeat the process, but to learn from it.

2

Course correct as needed.

5

Form a process based on your objective, current knowledge and past lessons learned.

3

Seek feedback from stakeholders to confirm how you want the process to work.

4

Being adaptive means continually working with the public, gathering their input, assessing if your decisions are on track with meeting their needs and, if not, adjusting. The key message here is that public input is critical to any adaptive approach.

However, public input is only one ingredient in the recipe. The role of an elected official is to ask for and use the best available information to make decisions. That also includes information from staff, technical experts, relevant organizations, other governments – not just the public.

Let's put this into context. Say your municipality was creating a new policy on density. You have done your surveys or open houses and have information from the public. Is that all you need? Not exactly. Those who will be accountable for implementing the policy may also have some important insights that will help you in developing it. Consulting with staff would be important because there may be something that the public is saying that, in a practical sense, simply would not be possible for staff to do. What about other governments? Chances are, if your municipality is developing a policy on density, so have others. Learning from others can be very informative.

Once council makes a decision, it's important that you communicate that decision well – with the CAO and to the public (directly from council or through staff).

If your municipality doesn't have one already, ask your CAO to establish an adaptive feedback loop – that considers input from staff, public, other stakeholders, and council.

During the adaptive process, it is critical that elected officials understand and operate within their roles. Council is responsible for identifying and defining strategic direction for the municipality. But it is the CAO who is accountable for all municipal operations and treatment of staff. We will be getting into more specifics around the CAO's role later on.

Apply My Knowledge

Let's consider this fictional case study to get a better sense of why an adaptive process is so important. Read the scenario below. With a partner, discuss and record your thoughts on what this municipality might consider to make this approach to road maintenance more adaptive.

The Municipal District of Somewhere, Alberta has a total population of 10,000 people spread across the municipality with small clusters that live in three different hamlets. The municipality has over 300 KM of paved roads and 1,500 KM of gravel roads. The municipality has a design and construction standard for paved roads and another, different, standard for the gravel roads.

Each year, the municipal budget allocates approximately $10 million for roads and bridges. The municipality methodically works on road and bridge improvements every year, dividing the budget allocation equally between each electoral district.

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Identify Municipal Structures

There are differences between the types of municipalities. While all municipalities share a common responsibility of delivering services to citizens, the local context and size and type of municipality ultimately define local priorities, resources and capacities to deliver services. The MGA, in Part 4 Division 2, defines municipalities based on population and density. The various types of municipalities include:

- villages (93);
- summer villages (51);
- towns (108);
- cities (17);
- municipal districts (64); and
- specialized minicipalities (5).

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A village may be formed for an area in which:

    a. a majority of the buildings are on parcels of land smaller than 1850 square metres; and,

    b. there is a population of 300 or more.

There are 93 villages and 51 summer villages in Alberta.

Did You Know?

Summer villages in Alberta have the same characteristics as a village. However, because of seasonal fluctuations in population, they are considered somewhat different. Considering the population increases during the summer months, a summer village holds its annual meetings and elections in the summer. Existing summer villages are considered municipalities, but there are no longer provisions for the creation of any new summer villages.

A town may be formed for an area in which:

    a. a majority of the buildings are on parcels of land smaller than 1850 square metres; and,

    b. there is a population of 1000 or more.

There are currently 108 towns in Alberta.

**A city** may be formed for an area in which:

    a. a majority of the buildings are on parcels of land smaller than 1850 square metres; and,

    b. there is a population of 10 000 or more.

There are currently 17 cities in Alberta.

A municipal district may be formed for an area in which:

    c. a majority of the buildings used as dwellings are on parcels of land with an area of at least 1850 square metres; and,

    d. there is a population of 1000 or more residents.

In other words, municipal districts (also referred to as counties) are municipalities that typically cover large areas with small and dispersed populations. Alberta's 64 municipal districts and counties cover roughly 85% of the province's land mass and are home to roughly 15% of Alberta's population.
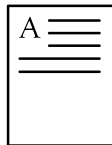
Glossary

hamlet

The council of a municipal district or specialized municipality can designate an unincorporated community that is within its boundaries to be a hamlet. A community can be a hamlet if it consists of five or more dwellings, has a generally accepted boundary and name, and contains land that is used for non-residential purposes.

The Minister can form **specialized municipalities** for any reason, if he or she believes that the standard municipal structures will not meet the needs of the municipality's residents. Most of the current five specialized municipalities in Alberta combine urban and rural communities, although this doesn't necessarily have to be the case.

Current specialized municipalities in Alberta have formed for several reasons. Some were formed to support more equitable distribution of taxation revenue between urban and rural areas. Others were formed to allow for a unique governance structure in order to address challenges in council decision-making in an isolated area. Another was formed at a municipality's request to enable membership in both the Alberta Urban Municipalities Association (AUMA) and Alberta Association of Municipal Districts and Counties (AAMDC).

While the definitions of municipalities differ, they do not affect a municipality's purpose under the MGA or the community's look and feel to its residents. However, a municipality's definition may affect how it delivers services because of variations in funding opportunities and number of elected representatives.

New in the MGA

Under the previous MGA, an amalgamation could be initiated by a single municipality or directly by the Minister of Municipal Affairs. Changes now accommodate a streamlined process whereby two or more municipalities may voluntarily initiate an amalgamation.

Changes to Municipal Structures

While the previous section outlines the various structures that municipalities can take, the MGA also provides opportunities for restructuring as the local context evolves.

There are three processes for municipal restructuring, as set out in the MGA:

- Amalgamation
- Annexation
- Dissolution

Amalgamation refers to the procedure for a merger or consolidation of two or more municipal authorities.

Amalgamation may be initiated by a municipality or by the Minister under section 107 of the MGA. However, no order amalgamating municipalities may be made that would result in an area of land that is:

a. not included in any municipality; or,

b. part of the amalgamated municipality, but is not contiguous with other land in the amalgamated municipality.

Part 4, Division 5 of the MGA sets out the rules around amalgamation.
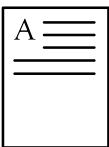
Glossary

amalgamation

The procedure for a merger or consolidation of two or more municipal authorities.

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Annexation is defined as the process by which a municipality expands its boundaries into adjacent areas not already incorporated in the municipality, and which are currently under the control of another municipality. Annexation is restricted only to land that is connecting with the boundaries of the annexing municipality. Annexation can only occur after direct negotiations between the municipal authorities have taken place. After negotiations, the initiating municipality must prepare a report that describes the results of the negotiations and submit it to the Municipal Government Board (MGB). After one or more public hearings have taken place, the MGB must prepare a written report of its findings and recommendations and send it to the Minister of Municipal Affairs. The Lieutenant Governor in Council, after considering the report of the Board may, by order, annex land from one municipality to another municipality.

MGA Part 4, Division 6 sets out the rules of annexation.

A municipality may also be **dissolved**. In this case, a viability review must be undertaken by the Minister of Municipal Affairs and a vote of the electors must be conducted. The Lieutenant Governor in Council, on the recommendation of the Minister, may, by order, dissolve a municipality. The dissolution order:

a. must direct that all or part of the land in the dissolved municipality becomes part of another municipality;

b. may deal with any of the matters referred to in section 89; and,

c. may appoint a liquidator and specify the liquidator's powers, duties and functions.

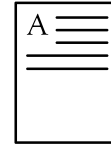MGA Part 4, Division 7 sets out the rules of dissolution.

As local challenges grow and evolve, municipalities have begun working with the Province and neighbouring municipalities to review their long-term sustainability through a provincially-led process called a viability review. While this is a local initiative, dealing with the specific context of the individual municipality undergoing the viability review, exploring new collaborative partnerships with neighbouring municipalities through Intermunicipal Collaboration Frameworks (ICF) and Intermunicipal Development Plans (IDP) represent new opportunities to share responsibilities for sustainable service delivery, strengthening communities, and maintaining long-term viability. ICFs and IDPs will be covered in more detail in Module 5, which adresses regional collaboration.
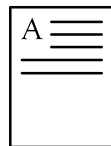
Glossary

viability review

A process whereby a municipality's governance, finances, infrastructure and services are reviewed to determine whether changes are required for the community to remain viable.

Glossary

annexation

The process by which a municipality expands its boundaries into adjacent areas not already incorporated in the municipality, and which are currently under the control of another municipality.

Glossary

dissolution

Municipal dissolution usually occurs when a municipality is no longer viable, does not have the financial, governance, operational, or infrastructure capacity to continue operating on its own and cannot make the changes needed in order to achieve viability. A municipality is said to have dissolved when it is no longer incorporated and has become part of the adjacent municipality, in most cases the surrounding county or municipal district.

Apply My Knowledge

With a partner or in a small group, consider this scenario and answer the question below:

The Town of ABC (Town) and the Municipal District of XYZ (MD) are neighbours and have historically had a contentious relationship. The Town has an aging and declining population and is struggling to promote and encourage new economic development opportunities. As their revenue decreases every year, the Town is forced to implement higher tax rates on citizens. It has water and sewer capacity to accommodate new development but there is a very small supply of adequate land that would support new development opportunities and the Town has considered options to annex new lands into its boundary.

The MD is facing similar challenges for attracting new economic development. There has been an increasing population in the area, as people have been moving into the MD to take advantage of lower tax rates. As the population has grown, the MD has seen a greater demand for services and increased levels of service. To keep the tax rates lower, the MD is looking for ways to diversify its tax base through attracting commercial and industrial development. In fact, the MD is looking to develop an industrial park. However, it does not have water and sewer infrastructure, which is deemed a requirement based on environmental guidelines and the stated preferences from developers.

Each municipality has determined their preferred approach is to pursue solutions independently. The Town is initiating an application for annexation and the MD is pursuing the development of an industrial park that it will service.

How could the two municipalities jointly pursue a mutually beneficial solution, recognizing the current state of their relationship?

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What Does This Mean in My World?

A place to write your own reflections and insights on how you might apply a concept or idea to your own municipal circumstances.

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Here we go ... 'lunch'!

Module 2: The Elected Official's Role in Municipal Leadership

After completing this module, participants will be able to:

Recognize the roles and responsibilities of municipal elected officials, by:

- identifying the roles and responsibilities of council as a whole;
- identifying the roles and responsibilities of individual councillors;
- identifying the roles and responsibilities of the Chief Elected Official (CEO); and,
- applying their municipality's code of conduct.

Recognize and respect the roles and responsibilities of municipal staff, by:

- recognizing and respecting the roles and responsibilities of the Chief Administrative Officer (CAO); and,
- recognizing and respecting the roles and responsibilities of municipal staff.

Apply common council decision-making processes, by:

- understanding council proceedings;
- recognizing the conduct and ethics of council decision-making;
- managing risk in council decision-making; and,
- incorporating public participation in council decision-making.

Roles And Responsibilities Of Municipal Elected Officials

For an elected official, knowing the roles and responsibilities of the various players who make a municipal government work is important. Misunderstanding the roles can create unintended negative consequences. Roles and responsibilities can confound councils – elected officials can become overly involved in administrative duties, or administrators may overstep their boundaries into the political arena. Either scenario serves to weaken the entire system.

Roles And Responsibilities Of Council As A Whole

Each municipality in Alberta is governed by an elected council. The number of councillors in each type of municipality is fairly consistent. The council of a city or town consists of seven (7) councillors unless the council passes a bylaw specifying another number. The council of a village or summer village consists of three (3) councillors unless the council passes a bylaw specifying a higher odd number. For all other types of municipalities, the number of councillors will be specified in the order that forms the municipality – again, unless that council passes a bylaw specifying another number.

As a whole, council is accountable to constituents and the provincial government. Municipal councils are elected to represent their citizens and are tasked with making decisions in the best interests of the community as a whole. Recognizing this is the priority mandate of local governments, the MGA only authorizes the province to intervene in situations where the municipality is not complying with requirements outlined in the MGA or to ensure the municipality complies with a regional plan that was prepared as part of the *Alberta Land Stewardship Act* (ALSA).

Council is responsible for identifying and defining strategic direction for the municipality to ensure that it fulfills its role as outlined in the MGA. Council provides clarity on the direction of the municipality to ensure it addresses the challenges of today, while positioning itself for the future. Councils achieve their goals and fulfill their functions in various ways:

- Long-term planning – such as strategic plans, land use plans, and financial plans;

- Bylaw development – such as community standards, off-site levies, and tax rates; and

- Policy development – such as service levels, debt, and public participation.

In fulfilling its role, Council has only one employee – the Chief Administrative Officer (CAO). Council is responsible for hiring, evaluating and succession planning for the CAO position. Council holds the CAO accountable for all municipal operations and the treatment of municipal staff.

Council has no responsibility for managing any municipal staff – except for the CAO.

?

Did You Know?

Municipal administration exists to take care of financial management, infrastructure management, property assessment, and the everyday work of running a municipal government. This includes providing a variety of programs and services, based on the priorities that the council has set for the municipality.

Council Committees

Another way that Council fulfils its mandate and gets work done is to establish council committees.

According to the MGA (Part 5, Division 1), a council committee may consist:

a. entirely of councillors;

b. of a combination of councillors and other persons; or,

c. entirely of persons who are not councillors.

Regardless of the make-up of council committees, the Chief Elected Officer is a member of all council committees – unless Council provides otherwise (MGA Part 5, Division 3).

FOR THE LAST TIME COUNCILLOR WARBLEY - STICK TO COUNCILLING!

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There are two types of committees that Council may establish:

1. A temporary committee (ad hoc) looks at specific issues or takes on short-term projects on behalf of council. An example of a temporary committee may be a council advisory committee to help develop a policy.

2. Standing committees typically run from year-to-year and deal with ongoing issues. An example of a standing committee may be a finance committee.

? Did You Know?

Committees can play a bigger role in making decisions on issues for council. If council wants a committee to make decisions, council may delegate some of its powers to the committee. Then, if a committee makes a decision delegated to it by council, it is as if the council made the decision itself. Some council decisions, such as adopting a budget, cannot be delegated.

Roles And Responsibilities Of Individual Councillors

Councillors have general duties that are set out in the MGA and of which all elected officials need to be aware. The MGA states in Part 5, Division 3 that councillors have the mandated or statutory duty to:

a. consider the welfare and interests of the municipality as a whole and to bring to council's attention to anything that would promote the welfare or interests of the municipality;

b. participate generally in developing and evaluating the policies and programs of the municipality;

c. participate in council meetings and council committee meetings and meetings of other bodies to which they are appointed by the council;

d. obtain information about the operation or administration of the municipality from the Chief Administrative Officer or a person designated by the Chief Administrative Officer;

e. keep in confidence matters discussed in private at a council or council committee meeting until discussed at a meeting held in public; and,

f. perform any other duty or function imposed on councillors by the MGA or any other enactment or by the council.

Thank you, Councillor Grimsby, for volunteering once again to chair another committee meeting!

Apply My Knowledge

Is she, or isn't she?

Below are several short scenarios that one councillor is about to experience. Working with your partner, or small group, identify for each scenario whether this Councillor is fulfilling her role and responsibility as a councillor.

Councillor profile: Rebecca Whittington, Councillor, Cityville, AB. Urban Population of 40,000

a. *Councillor Whittington is vehemently opposed to the open pit mine being proposed on the boundary of Cityville. While some early studies indicate the mine will create an economic boon for the city through direct and spin-off job creation, she is convinced by the health and environmental studies that the mine would cause more problems than it's worth. Based on the conversations Councillor Whittington has had with citizens, more seem to oppose the mine than support it. As a councillor, she is being highly criticized in the media for being a fence-sitter and not taking a public stand on the mine. Her rationale is this: until all of the information about the mine's future potential impacts are known and community input has been formally gathered, she can't represent the interests and welfare of the community. Is she, or isn't she operating within her roles and responsibilities as a councillor?*

- ❑ Yes, she is operating within her roles and responsibilities as councillor.
- ❑ No, she is not operating within her roles and responsibilities as councillor.

b. *Cityville Council is developing an economic development policy. Councillor Whittington is concerned that the policy will lead to Cityville accepting the mine. She has recused herself from the discussion because of "personal bias." Is she, or isn't she operating within her roles and responsibilities as a councillor?*

- ❑ Yes, she is operating within her roles and responsibilities as councillor.
- ❑ No, she is not operating within her roles and responsibilities as councillor.

c. *One of Cityville's department heads has been involved in working with a consultant to study the potential environmental effects on the community, if the mine gets approved. Councillor Whittington invites the Environmental Manager to lunch to discuss the initial findings of the report. Is she, or isn't she?*

- ❑ Yes, she is operating within her roles and responsibilities as councillor.
- ❑ No, she is not operating within her roles and responsibilities as councillor.

d. *At lunch, the Environmental Manager asks Councillor Whittington for some insights on whether Council is considering selling a piece of City land the mine is wanting to acquire. Councillor Whittington responds that she is not at liberty to give the manager that information yet, until it has been made public. Is she, or isn't she?*

- ❑ Yes, she is operating within her roles and responsibilities as councillor.
- ❑ No, she is not operating within her roles and responsibilities as councillor.

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Pecuniary Interests

The MGA sets out the standards for councillors when it comes to pecuniary, or monetary, interests, meaning interests that may financially benefit councillors or their families.
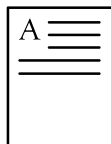
> **Glossary**
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> **Pecuniary Interest**
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> An interest that a councillor has in a matter because of the likelihood or expectation of financial gain or loss to the councillor, another person with whom the councillor is associated, or a business with whichthe councillor is associated.

A councillor is obligated to know when he or she is in a pecuniary conflict of interest (MGA Part 5, Division 6).

The MGA specifies that a councillor has a pecuniary interest if:

a. the matter could monetarily affect the councillor or an employer of the councillor; or,

b. the councillor knows or should know that the matter could monetarily affect the councillor's family.

And according to the MGA, a person is monetarily affected by a matter if the matter financially affects:

a. the person directly;

b. a corporation, other than a distributing corporation, in which the person is a shareholder, director or officer;

c. a distributing corporation in which the person beneficially owns voting shares carrying at least 10% of the voting rights attached to the voting shares of the corporation or of which the person is a director or officer; or,

d. a partnership or firm of which the person is a member.

What must councillors do if they suspect they may have a pecuniary interest? The MGA is clear about this as well. The councillor must also abstain from voting, or even discussing any question related to the matter, and leave the room until discussion or voting on the matter has finished.

These rules also apply to any council committee. If the councillor discloses a pecuniary interest in a committee meeting and the committee report is considered by council at a later date, the councillor must disclose the pecuniary interest at the council meeting as well and abstain from voting.

> **Did You Know?**
>
> If there is a public hearing on a proposed bylaw or resolution, councillors MUST abstain from voting on the bylaw or resolution if they were absent from all of a public hearing, and they MAY abstain if they were absent for a part of a public hearing.

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Councillor Disqualification

A disqualification prevents a councillor from holding elected office for at least the duration of the term. There are many reasons for disqualification that seem obvious, such as becoming an employee of the municipality, or moving to another community. A full list of the reasons for disqualification are set out in Part 5, Division 7 of the MGA. A councillor can be disqualified if he/she:

a. does not participate – i.e. consistently absent from meetings or fails to participate (through voting) when present;

b. uses privileged information for personal gain; or,

c. fails to disclose personal interests in council decisions.

Roles and Responsibilities of the Chief Elected Official (CEO)

While the Chief Elected Official has the same duties as any other councillor, the CEO has some additional important responsibilities.

Part 5 of the MGA sets out the role of the Chief Elected Official (CEO) – a.k.a. Mayor, Reeve or I.D. Chairperson.

How Is The CEO Chosen?

Unless council passes a bylaw stating otherwise (MGA Part 5, Division 3), the default rule is that the Chief Elected Official of a city or town is to be elected directly by constituents.

However, this is traditionally not the case for the Chief Elected Official of a village, summer village or municipal district. In these cases, the CEO is appointed from among the councillors, unless the municipality establishes a bylaw authorizing the election of the CEO at-large.

The Chief Elected Official of a specialized municipality is elected or appointed through the order that forms the specialized municipality.

Apply My Knowledge

Below is a list of possible roles for a municipal Chief Elected Official -- some are legitimate, some are not. Take a few minutes and check only the statements you believe are legitimate roles of the CEO. You will not be asked to share your answers.

The CEO:

❑ *Presides over council meetings when in attendance (unless a bylaw provides otherwise)*

❑ *Makes the final decision when council vote is tied*

❑ *Is an ex officio member of all council committees*

❑ *Is the only council member who may direct staff members, other than the CAO*

❑ *Is the only council member allowed to speak with the media*

❑ *Is able to make certain emergency or time-sensitive decisions on his or her own*

❑ *May begin carrying out his or her duties before taking an oath of office if the rest of council agrees*

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Historically, the CEO of an urban municipality is given the title of Mayor and in rural municipalities the title Reeve is typically used. However, there is no rule about this and there is no difference between the role of a Mayor or Reeve.

Apply Your Municipality's Code Of Conduct

The MGA now mandates that every Alberta municipality must establish and adopt a council code of conduct. In this next section, we'll be discussing what that may mean for you and your municipality.

What is a Code of Conduct?

A code of conduct, simply put, is a set of rules outlining the norms and responsibilities, or proper practise for, councillors. Every municipality's code of conduct must include the minimum requirements set out by the MGA, which include the following topics:

- representing the municipality;

- communicating on behalf of the municipality;

- respecting the decision-making process;

- adherence to policies, procedures and bylaws;

- respectful interactions with councillors, staff, the public and others

- confidential information;

- conflicts of interest;

- improper use of influence;

- use of municipal assets and services; and

- orientation and other training attendance.

Here we go: 'Code of conduct – city councillors – page 27... section 3 ... line 7...'

While having a code of conduct has not been mandatory in the past, many municipalities have adopted these on a voluntary basis, and have typically:

- provided guidance to council and administration around ensuring that each are afforded equitable and fair treatment;

- clarified roles and responsibilities of council and staff;

- articulated what constitutes a conflict of interest and how it will be handled; and,

- preserved the integrity of council and administration and protected their individual rights as citizens.

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Apply My Knowledge

With a partner or in a small group, discuss the scenario below and provide your thoughts on how your municipality's code of conduct would address this situation. If your municipality does not yet have a code of conduct, or you haven't had a chance to review it yet, consider what you would recommend be included in your code of conduct based on this scenario.

Councillor Xavier for the Town of Anywhere is also a professional realtor in the community. Land Owner/Developer Y-Not is looking to develop his land into a new subdivision. The town's Planning and Engineering department have recently completed land use, transportation, and infrastructure plans as part of an update to the Municipal Development Plan, which prioritizes growth areas.

Developer Y-Not's land was not identified for future growth and does not have the land use designations necessary for his project to move forward. However, Y-Not is confident that the necessary changes will be made by the Town. He hires Councillor Xavier as his realtor to help market the lands.

Councillor Xavier raises the need for more growth in the municipality in a council meeting and suggests that the Planning Department is stifling development. Councillor Xavier arranges for a meeting with the Planning Director to suggest changes to the Municipal Development Plan that would accommodate growth in several areas, one area being developer Y-Not's lands.

How would your municipality's Code of Conduct address this situation?

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Roles And Responsibilities Of The Chief Administrative Officer (CAO)

While council and councillors must be clear on their roles, they must also be clear on the roles of staff. As we've seen, muddying the lines between council and staff roles can have negative impacts for council, staff and the municipality as a whole.

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As we discussed already, council has only one employee – the Chief Administrative Officer (CAO). In this section, we'll take a closer look at the role of the CAO.

It is the role of the CAO to liaise between council and staff. The CAO, not council, has full responsibility for hiring, evaluating and succession planning for all staff. The CAO is accountable to council for all municipal operations.

The mandated duties of a CAO are indicated in Parts 6 and 7 of the MGA. Beyond the administrative function of the CAO, an aspect of their role is to help implement the vision, goals and objectives of council. According to the MGA, the CAO must:

- record all council meeting minutes and ensure the names of all councillors present are recorded;

- provide minutes of each council meeting to council for adoption at a subsequent council meeting;

- keep safe all bylaws and minutes of council meetings and all other records and documents of the municipality;

- send the Minister a list of the councillors and any other information the Minister requires within five days after councillors begin their roles;

- keep in his or her custody the corporate seal, if any;

- ensure municipal revenues are collected and controlled and receipts are issued in the manner directed by council;

- keep all money belonging to or held by the municipality in the financial organization identified by council;

- pay all accounts for authorized expenditures;

- keep accurate records and accounts of the municipality's financial affairs, including the things on which a municipality's debt limit is based and the things included in the definition of debt for that municipality;

- report, as often as council directs, the actual revenues and expenditures of the municipality compared with the estimates in the operating or capital budget approved by council;

- invest municipal money in accordance with section 250 of the MGA;

- prepare all assessments, assessment rolls and tax rolls;

- ensure public auctions held to recover taxes are carried out in accordance with MGA Part 10; and,

- advise the council in writing of its legislative responsibilities under this Act.

Council has only one employee, Fred. So we've booked the hall closet for your office Christmas party.

Did You Know?

The CAO has legislated requirements for fulfilling his or her role. According to the MGA, the CAO:

a. Is the administrative head of the municipality;

b. Ensures that the policies and programs of the municipality are implemented;

c. Advises and informs council on the operation and affairs of the municipality;

d. Performs all other duties and functions, and exercises the powers, assigned to him or her by council.

Council and CAO Relations

Mutual respect between council and the CAO is foundational to a healthy municipality. So, what does mutual respect look like?

Effectively and efficiently running a municipality requires a respectful interface between the CAO and council. This requires the CAO's public support of council decisions, even when administrative recommendations were not followed by council. Conversely, it also requires council to respectfully absorb all information and recommendations from Administration without indicating that they have made up their mind before comprehensively reviewing all information and options.

Councillors must be aware of the position in which they are putting both themselves, as well as their CAO, in if they repeatedly "drop by" the CAO office or spend an inordinate amount of time with the CAO relative to other councillors. This is particularly damaging to municipal credibility if the conversations can be considered as lobbying the CAO for either support on an issue, or to have him or her postpone discussing an issue until the councillor can garner further support or opposition. This level of interaction not only demeans the credibility of the council-CAO relationship, but also damages the public's perception of a legal and fair governance system.

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Figure 3: The Structure of Municipal Accountability
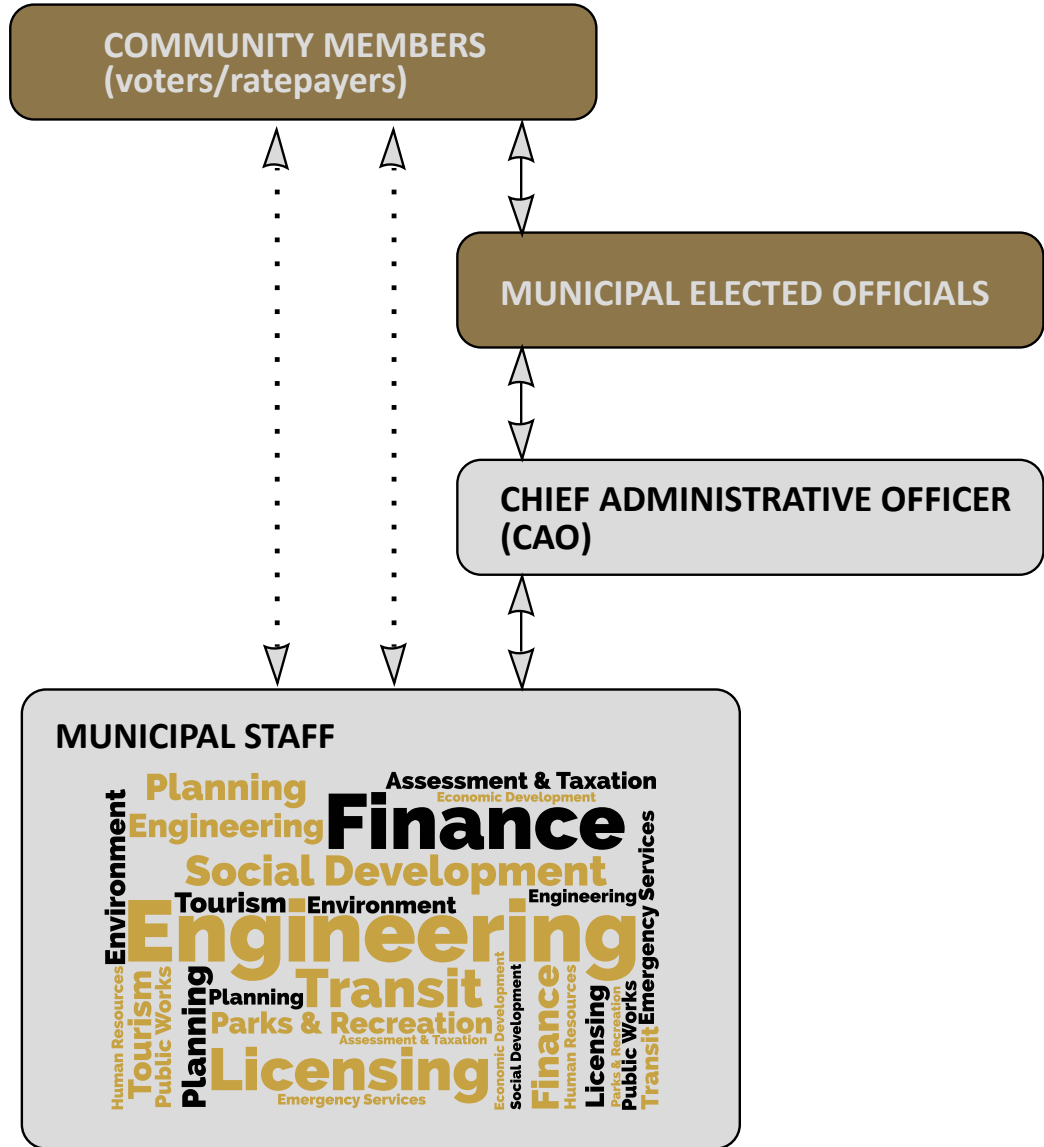
Roles and Responsibilities of Municipal Staff

Unlike the CAO, all other municipal staff do NOT report to council and should not be directed by council. Staff are accountable to the CAO.

Councillors must recognize and be sensitive to the power dynamic between council and staff and ensure that any interactions with staff are within the scope of the municipality's code of conduct.

Councillors are required to obtain information about the operation or administration of the municipality from the CAO or a person designated by the CAO – council may not direct staff.

Common Council Proceedings and Processes

Council proceedings are the manner in which council conducts its business. Let's look at these proceedings in a bit of detail.

Actions of Council

A council may only act by passing a resolution or adopting a bylaw. A bylaw or resolution of council, or of a council committee, is not valid unless passed at a council or committee meeting held in public at which there is a quorum present (MGA Part 5, Division 9).

- A bylaw is a form of legislation established by local government to address the needs of citizens and govern actions across the community. Legal action can be taken on anyone that does not comply. Bylaws follow a specific process that requires meeting public engagement and communication criteria, as outlined in Section 230 of the MGA (Public Hearings).

- A resolution is a record of decisions and wishes of council, expressing municipal positions around policies, regulations, and funding. A resolution is not as strict as a bylaw and is submitted as a motion and adopted by a majority council vote.

Before passing a bylaw, council must ensure the bylaw has three distinct and separate readings. While municipalities may have different processes for formalizing the adoption of a bylaw, the intent of having multiple readings surrounding a public hearing is to ensure that council cannot address all three readings of a bylaw in a single meeting without adequately engaging the public in the decision-making process.

Each councillor has one vote each time a vote is held at a council meeting at which the councillor is present. As we mentioned already, unless required or permitted to abstain from voting, all councillors in attendance must vote. Council must ensure that each abstention and the reasons for the abstention are recorded in the minutes of the meeting.

What if a council vote on a bylaw or resolution is tied? How does council make the decision? The MGA makes that easy. Part 5, Division 9 of the MGA states that "if there is an equal number of votes for and against a resolution or bylaw, the resolution or bylaw is defeated." (s. 186)

> **?**
>
> ### Did You Know?
>
> Councils may adopt a procedure bylaw to provide a standard, familiar format for council meetings and make it easier for members of council, staff, the media, and the public to understand the process by which decisions are made. In general, a procedure bylaw will name and describe the responsibilities of council committees, provide for the order of business and method of distributing the agenda of the council meetings, set rules regarding the proceedings of regular meetings of council, and describe the manner in which items may be put on the council agenda.

When it comes to council meetings, council has flexibility on when and where they happen.

The MGA (Part 5, Division 9) grants a council the ability specify the dates, times, and places to hold regularly scheduled council meetings. This decision must be made in a council meeting where all councillors are present.

Council and council committees must conduct their meetings in public. In-camera meetings are allowed only in accordance with Division 2 of Part 1 of the *Freedom of Information and Protection of Privacy Act*, which covers exceptions to disclosure, as well as any provincial regulations on the matter.

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Guidelines to Effective Governance

There are core principles that should be followed by all participants of an effective local government. While these appear to reflect "common sense" principles as individual points, it is the combination of these that contribute to highly functional councils, effective council meetings, and efficient decision-making. The principles include:

- having a clear mandate and authority – ensuring the mandate of council and its authority to make decisions is clearly defined and understood by all elected officials;

- transparent decision-making – building public trust by ensuring that all decisions that are permitted to be discussed in public are part of a meeting open to the citizens;

- trust between council and CAO and between members of council– the health of these relationships is critical to good governance;

- clarity of roles and responsibilities – ensuring all participants have a clear understanding of the division of roles and responsibilities between council and administration;

- disclosure of information – while the difference between either too much or too little information can be easy to confuse, what's important is that administration provide a sufficient amount of information to give council the confidence they need to make a decision;

- place the community's interests above all else – each member of council is a spokesperson for the entire community -- not themselves, nor any individual group;

- set the vision and the strategic focus – council is expected to create the broader focus (vision) and then establish short-term priorities to move the community toward the vision; and,

- commitment to bringing personal and collective integrity to council – this requires a willingness to maintain an open mind, to learn, to commit to mutual respect, to embrace a collective versus individual mandate, and to be accountable to actively participate in the governance process.

The Conduct And Ethics Of Council Decision-Making

Figure 4: Decisions and Communication

Source: Alberta Municipal Affairs, Asset Management Toolkit, pg.18.

Through a solid understanding of the principles and rules of the decision-making process, council can establish a greater clarity around its role of effectively evaluating risk, costs, and level of service within their scope of responsibility.

As previously discussed, council's decision-making must reflect its commitment to the community as a whole because ultimately, the community is the top decision maker. Community members elect council members to represent them. Taking its cues from the community, council makes decisions that become directives for management. Management, in turn, directs municipal operations.

At the same time, communication is critical and often flows in the opposite direction. Operations communicates to management what is actually happening "on the ground." Management communicates this to council, who, before making decisions, should communicate to the community.

Councillors can make good decisions in the context of their role by considering the perspectives of all community members, including marginalized or underrepresented groups that may not have a direct voice. Council also must make decisions based on data and evidence.

Making good decisions is contingent on communicating to all those involved what matters for good decision-making and having ongoing information management processes.

In any adaptive approach, communication and information are key to success.

Decisions and directions about services, risks, and costs need to be communicated throughout the organization to ensure that everyone is on the same page with what needs to be done and why.

Apply My Knowledge

In the six years Dwayne Vogel served as a citizen representative of the City of Bannan's Municipal Planning Commission, the agendas were overloaded and the meetings were marathons. A national software company announced it was moving to town, causing the sleepy City of Bannan to approve new permits for more housing, a branch library, and teen center. The optimism generated by the influx of new jobs prompted the upgrade of a city park and the remodelling of the main fire station.

Now, newly elected to the city council, Vogel looked forward to seeing the benefits of these investments, but a downturn in the economy forced some tough choices. The Province announced significant cuts in funds to municipalities, local revenues had fallen 20% in the past two years, and all departments except public safety had reduced costs. Even after deferring and delaying certain projects, a significant shortfall remained, which meant that the teen center would be completed but not opened, and the hours at the library would be reduced significantly.

Given the circumstances, Vogel and his colleagues were thrilled to learn that the city's economic development team had attracted a tenant for the undeveloped site at the southern city limit. A well-known discount chain proposed building their first SuperShop megastore in the region, which would draw customers from a wide area. In addition to selling the standard discounted items, the new store would include many service amenities, including a pharmacy, dry cleaner, florist, bakery, even an on-site dentist. SuperShop promised to provide 100 new jobs and put Bannan "on the map". A preliminary assessment by administration determined that the additional public safety and traffic abatement costs associated with the SuperShop would be more than offset by the revenue generated by the store.

Vogel and his colleagues were struggling with the decision, and the public was evenly divided in terms of support for, or opposition to, the project. The environmental community expressed concern over the impact on air and water quality, and argued for a less-intense development on the site. The residents along Highway 76, where the center would be located, were upset about the increase in traffic that a regional superstore would generate. But the most emotional arguments were from the group of small-business owners in Bannan's traditional downtown who felt threatened by the new retail presence.

(continued)

Apply My Knowledge (continued)

"We build our lives around our businesses," said Mai Nguyen, a local florist. *"This project is going to kill us."* The city council had heard that the discount chain wanted to build in the region and might choose one of two adjacent towns if Bannan resisted.

Working with a partner or small group, answer the following questions:

1. If you were in Dwayne Vogel's position what decision would you make?

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2. What considerations should guide Vogel's vote on this issue? Whose interests should be weighed most heavily?

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3. How would you reframe the issue to have productive conversations with those opposed to the new project? Is this possible?

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Manage Risk In Decision-Making

We often talk about the importance of making sound decisions, but we also regularly fail to fully understand the importance of recognizing the risks of each decision that we make.

There are proven technical methods for assessing risk that councils can use to develop a risk assessment method if one is not already in place.
Assessing risk is based on two factors:

1. **Impact:** how severe will the consequences be?

2. **Likelihood:** how probable is it that these consequences will happen?

What risk can be mitigated and what risk can be tolerated needs to be a group decision - both have costs:

- There is often a cost to mitigation. Decision makers need to fully understand what it may cost to remove or lessen the risk.

- Risk tolerance is based on service interruption. Decision makers need to also understand what the costs may be if they don't remove or lessen the risk, e.g. if you only replace old pipes servicing major buildings, it may mean more breaks in the future for residential than commercial.
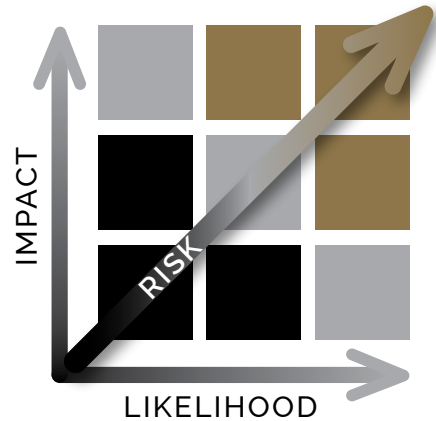

Figure 5: Assessing Risk

For council, there are two types of risk: asset risk and strategic risk.

Asset risks are associated with physical infrastructure – the probability of it failing and the consequences of that failure. Some examples of asset risks are:

If you ask me, council takes too many risks!

- lack of roads for emergency evacuations;

- failing water and sewer pipes; and,

- aging facilities.

Strategic risks are events or occurrences that impede your municipality's ability to achieve outcomes or objectives. Examples of strategic risks include:

- the possibility of reduced revenue;

- a retiring workforce;

- changing demographics;

- a dramatic increase in service demands;

- a loss of critical data or information;

- increased regionalization of land use planning; and,

- a move to regionalize economic development initiatives.

It is council's responsibility to understand the risk associated with a specific decision (including legal ramifications) and determine the community's risk tolerance.

Good decisions are informed through an appropriate and accurate understanding of the service, risk and costs/funding trade-offs.

Having a thorough understanding of risks benefits municipalities by:

- developing consistent language across the organization to describe possible events, their impact, their likelihood, and what should be done about them (if anything);

- helping to identify top priorities, and checking if you're spending your resources in the areas that are your biggest risk;

- assisting in allocating limited financial and human resources;

- facilitating agreement on what level of risk is acceptable, what kinds of risks need to be managed, and what should be invested to manage these risks; and,

- contributing to building community resilience.

Figure 6: Making Good Decisions
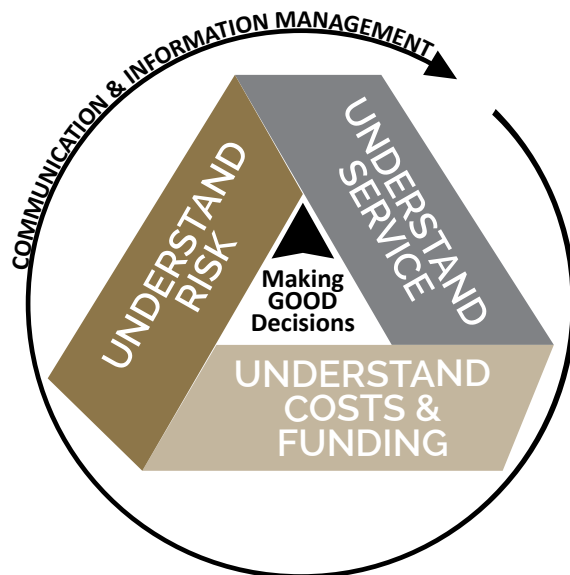
Source: Alberta Municipal Affairs, Asset Management Handbook, pg. 14

Incorporating Public Participation into Council Decision-Making

So far in this section, the focus has been on the importance of understanding council's role in the decision-making process. As council is elected to serve the public, it is of equal importance to understand the role of the public in council's decisions.

Effective public participation is based on the belief that those who are affected by a decision have a right to be involved in the decision-making process.

As Canada's Public Policy Forum defines it: *"Public engagement is a new way of thinking about how governments, stakeholders, communities and ordinary citizens can work together to achieve complex societal goals."*

Unfortunately, some elected officials, and members of the public, believe council has been elected by their constituents to make decisions for them.

While decision-making is certainly a key role for elected officials, a truer statement would be that council has been elected by constituents to represent them – not make decisions without input.

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It is very difficult to represent your constituents on the wide range of issues and initiatives on which you will make decisions during your term if you don't understand what constituents think about those issues or initiatives. This two-way conversation allows council to communicate their ideas and direction to the citizens and engage around understanding the trade-offs of the decisions around costs and levels of service.

Typically, council will make decisions based on three critical inputs:
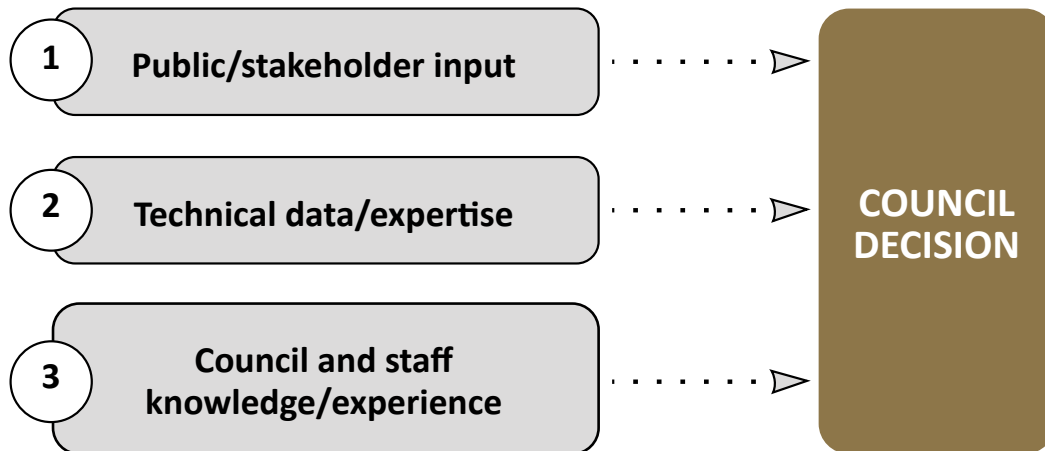

Figure 7: Decision-Making Input

Public participation is so critical, in fact, that the MGA requires all Alberta municipalities to develop and adopt a Public Participation Policy to ensure that input from the public is part of the municipality's decision-making process.

Public participation serves a number of functions, such as:

- helping council to understand risk and risk tolerance from the community's perspective;

- helping the community to understand the trade offs between cost and service;

- facilitating better decisions that more effectively meet the needs of the community and can help foster community support; and,

- establishing trust by confirming fair process – between government and the constituents it represents.

As municipalities implement an adaptive approach to decision-making (discussed in Module 1), establishing an adaptive feedback loop that includes input from constituents and stakeholders is crucial.

An adaptive approach is iterative and requires evaluating the outcomes of the decisions. Citizens and stakeholders have a role to play in helping define what to do and evaluate how well it was done. The approach generally follows the following steps:

1. Confirming the objective;

2. Identifying the best process;

3. Considering feedback from all those impacted; and,

4. Course correcting.

We are going to touch briefly on some best practices for public engagement – but we won't be able to give this topic it's due respect in the space we have. We encourage you to follow up with the resources provided in the Reading and Resources box for additional information and tools to ensure your public engagement is effective and leads to good decision-making.

The International Association of Public Participation (IAP2) developed a set of public participation core values that form the professional standards and best practices of public participation globally. The values were created after two years of broad international participation involving the IAP2's members around the world.

Don't get me wrong – I'm all in favour of you getting input from constituents...

The core values are typically used to guide the planning, implementation and evaluation of public participation initiatives. Even though it is not council's role to plan and implement public participation, elected officials should be aware of the core values so you can evaluate whether best practices have been implemented.
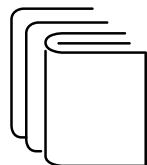
Reading & Resources

Public Engagement Resources to assist you:

AUMA and AAMDC have jointly published a "Citizen Engagement Toolkit" The toolkit is a great resource that is intended to assist elected officials and municipal administration with practical advice and tools for planning, implementing and evaluating effective citizen engagement.

The EOEP also offers a one-day course on Community Development and Citizen Engagement that we would encourage you to consider taking at some point and/or sending municipal staff if they haven't already taken it.

The International Association of Public Participation provides globally accepted best practices in public participation and also offers information and training. IAP2 has become the global standard in public participation and, more and more, its principles and values are being adopted by municipalities across Canada.

IAP2's core values convey that:

1. Public participation is based on the belief that those who are affected by a decision have a right to be involved in the decision-making process.

2. Public participation includes the promise that the public's contribution will influence the decision.

3. Public participation promotes sustainable decisions by recognizing and communicating the needs and interests of all participants, including decision makers.

4. Public participation seeks out and facilitates the involvement of those potentially affected by or interested in a decision.

5. Public participation seeks input from participants in designing how they participate.

6. Public participation provides participants with the information they need to participate in a meaningful way.

7. Public participation communicates to participants how their input affected the decision.

Communication vs Engagement

Sometimes municipalities feel that since they have communicated an initiative to constituents, they have effectively engaged them. Not true.

Consider the difference between communication and public participation in the points below.

- Communication is most often about providing information, without much opportunity for dialogue or debate.

- Communication comes in the form of websites, brochures, advertising, letters to the editor (to name only a few) and is typically one way.

- While public participation always includes communication, communication doesn't always include public participation.

- Public participation involves shared decision-making by inviting the public or stakeholders to participate in some way in the decision-making.

- Public participation involves opportunities for the public or stakeholders to provide their input through means like surveys, public meetings, workshops and focus groups (to name only a few).

Communication is key. Every public participation initiative should begin with early communication regarding the initiative.

Like most initiatives, public participation is driven by goals and objectives. But not all public participation will be the same. At times, it may be appropriate for community members to simply know about an initiative – like the closure of a road or opening of a new recreation centre.

At other times, the public may be engaged in helping council to solve a problem – such as a citizen advisory committee on providing affordable housing.

At other times, council may put the decision-making squarely in the hands of the community – such as a referendum on the incorporation of new water meters.

Regardless of what the objective is, it is important for decision-makers to be crystal clear about the role of public participation so it can be communicated clearly to the public – and so you can manage public expectations.

Nothing will kill public participation faster than asking the community to provide input on an initiative, and then never considering the input in your decision-making or communicating how the input was used.

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Assessing the Appropriate Level of Public Participation

So how does a municipality determine at what level to engage constituents in decision-making?

The rule of thumb is this: the level at which the public should be involved in decision-making typically corresponds to the level of impact the decision will have on them. The higher the level of impact on people, the higher their level of involvement in the decision-making should be.

IAP2 has developed a Public Participation Spectrum that is used as a best practice globally in helping to decide the public participation objective, what it means to the public (as in, the promise made to the public for how their input will be used), and it also includes some examples of types of tools that can be used to achieve the desired level.

The IAP2 Spectrum in Figure 8 below identifies the various levels briefly and what they mean for council and the public. Every level of participation identifies public participation as a goal and a promise to the public.

Figure 8: IAP2 Public Participation

IAP2'S PUBLIC PARTICIPATION SPECTRUM

The IAP2 Federation has developed the Spectrum to help groups define the public's role in any public participation process. The IAP2 Spectrum is quickly becoming an international standard.

INCREASING IMPACT ON THE DECISION →

	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

When it comes to public participation on behalf of the municipality, council really has four main roles:

1. Request that it be done;

2. Confirm the level of engagement (council's promise to the public for how the input will be used);

3. Use the feedback from the public and stakeholders appropriately in your decision-making; and,

4. Let community members know how their input influenced final decisions.

Staff also has four roles, different from council's, when it comes to pubic participation on behalf of the municipality:

1. Confirm the level of engagement (with council if it is council that will be using the input);

2. Plan the public engagement;

3. Implement the public engagement; and,

4. Report to council and the community on the results of the public engagement.

It's very important that council communicates clearly with staff and the public how public input influenced final decisions.

Closing the loop by reporting back to the community regarding how public or stakeholder input influenced the decision goes a long way in fostering trust for council, staff and the municipality's public participation process.

Did You Know?

Under the *Alberta Freedom of Information and Protection of Privacy (FOIP) Act*, municipalities are obliged to protect the personal information of community members. As you know, many surveys ask respondents for demographic information – but some demographic information may be considered "personal". It is important for council and municipal staff to know the privacy legislation. If staff are not sure whether the activities they are planning for public engagement falls within the privacy legislation, they can submit a Privacy Impact Assessment to the Office of Information and Privacy Commissioner of Alberta for review and approval.

Apply My Knowledge

Working independently, identify an important initiative or issue that your council is dealing with right now. When you are finished, share and discuss the questions below with a partner or small group.

How would public participation assist your council's decision-making?

_____
_____
_____
_____

At what level would you want to engage the public? (Refer to the IAP2 Spectrum, pg 43.) Why did you select this level?

_____
_____
_____
_____

What's your promise to the public if you engage at this level? (Refer to the IAP2 Spectrum, pg 43.)

_____
_____
_____

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What Does This Mean in My World?

A place to write your own reflections and insights on how you might apply a concept or idea to your own municipal circumstances.

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Module 3: Navigate the World of Municipal Finance

After completing this module, learners will be able to:

Recognize important budgeting and financial administration processes, by:

- identifying financial oversight responsibilities and financial accountability of elected officials;
- interpreting financial statements;
- distinguishing the role of the external auditor;
- applying concepts to mitigate financial risk;
- applying basic principles of asset management; and,
- operating within Alberta's borrowing legislation.

Distinguish how municipalities are funded, by:

- exploring assessment and taxation;
- identifying how grants are obtained and responsibilities that go along with receiving them; and,
- distinguishing the various user fees that help fund municipal operations.

Financial management concepts and techniques help municipal governments utilize their limited financial resources in an efficient and transparent manner, enabling them to function accountably. Sound financial processes help municipalities shift from merely reporting numbers to strengthening the strategic management of the municipality and better informing long-term decisions.

Sound financial management allows municipal governments to evaluate their situations honestly and pragmatically, while enhancing their ability to genuinely present their current financial and economic situation and their perspectives for the future. It is important to recognize that these financial tools are relevant only if municipal governments use them to fulfill their core mandate of providing services in an efficient, effective and sustainable manner.

Important Budgeting And Financial Administration Processes

The Elected Official's Financial Oversight Responsibilities and Financial Accountability

Elected officials' financial accountability covers a number of areas, including:

- being accountable to approve the municipal budget and debt;
- staying within regulated debt limits; approving tax rates;
- ensuring deficits are recovered within a 3-year period; and
- approving municipal investments in accordance with legislation and borrowing laws.

Any municipal financial context begins with the municipal strategic plan. The strategic plan sets out what the municipality wants to do in the short-term (i.e. next year) and long-term (i.e. over the next 5-10 years). The municipality must be clear on what it wants to do so it can determine how much it will cost to accomplish. For example, council may want to improve the overall level of service for recreation facilities and deem that the short-term priority is to develop two new ball fields and a new playground and the long-term goal is to add a new arena in 10 years. For this reason, the strategic plan always precedes the budget.

The MGA has introduced requirements for municipalities to prepare three-year operating plans and five-year capital plans. This requires a longer-term perspective on financial planning and provides the public with greater transparency around municipal financial decisions.

The municipal budget is a tool for:

- municipal planning – presenting the strategic plan and other long-range plans in financial terms;

- communication (to taxpayers, provincial government and other stakeholders) council's priorities and the relationship of tax dollars to service delivery;

- managing and monitoring the results;

- measuring performance; and,

- determining municipal property tax rates.

Did You Know?

"The budget process needs to provide Council with sufficient detail to make informed decisions while allowing them to remain in the arena of strategy, programs and policies."

– Harold Johnsrude, CPA, CA

So, whose job is it to create a municipal budget?

While it is council's role to create the municipal strategic plan, it is the role of municipal staff to create the municipal budget.

Even so, Council has a very important role in the budgeting process. It is Council's role to:

- develop and evaluate the municipality's financial policies and programs; and,

- approve the municipal budget.

Is there such a thing as "too much information" when it comes to approving a budget? Yes.

Council should not have to deal with detailed budget information that only Administration needs. For example, specific line items in a budget like supplies, repairs, communication, or travel costs are not considered relevant information for council as part of their decision-making process.

To be accountable to constituents, elected officials must be transparent with the public. The budget should be discussed in the public during open council meetings.

This isn't to say that the public should be put in a position to "approve" or "oppose" the municipal budget. However, through ongoing, proactive public engagement throughout the year (which will differ among municipalities based on their own public participation policy), staff and Council should be in a position to develop a budget that will reflect the community's input.

The municipal budget is broken into two separate categories for operating expenses and capital expenses. The MGA does not allow municipalities to approve a deficit budget. Given the municipalities reliance on property taxes, as the cost of delivering services rises (or falls) the level of taxation will need to change accordingly to ensure the municipality can balance the budget.

The operating budget shows the day-to-day costs of delivering programs and services for the next three years. These costs are similar to your everyday household expenses such as mortgage payments or utilities but broken down by department (e.g. parks and recreation, engineering and operations, etc.) and different services (e.g. park maintenance, snow plowing, etc.). Departments present their operating budgets to Council for them to consider all the requirements and provide direction and approval for operating funding.

The capital budget indicates the funds needed for the first year of the capital forecast period (minimum of a 5-year forecast). It demonstrates how the municipality will pay for major projects such as road construction, new or improved buildings or facilities (e.g. recreation facilities, community halls, fire halls, parks, etc.), or any other new initiatives. These costs are similar to building an addition on to your home.

Most capital expenditures are planned on a long-term basis to make them more manageable. The cost estimates that are included in the capital forecast are values for the funding that is expected to be required in each of the forecast years. Longer-term planning allows the municipality to tailor projects to changing needs and to better manage finances. A capital forecast is similar to a plan to undergo a series of home renovations over the next few years.

Council reviews the funding requirements expected over the forecast period and considers whether to approve as proposed, change the timing or priority, change the size and scope, or eliminate it from the budget entirely. While council looks at the entire forecast, they do not approve funding for projects that begin in the second or subsequent year of the plan.

Budget Examples

Over the next few pages, we have provided examples of two approaches to budgeting – a poor example and a best practices example. While municipal budgets are often very complex and contain pages of information, we have provided just one component of a hypothetical municipal budget focusing on Protective Services – Fire.

Example of a 'Poorly Presented' Department Operational Budget

This budget example in Figure 9 would be referred to as a 'line by line' presentation which unfortunately is still used by some municipalities. Reasons why this is a poor presentation are:

- it is a poor communication tool as a line-by-line budget does not explain how services and risks are being managed;

- detail detracts from the big picture leading to the tendency for the decision makers to focus on the small administrative items; and,

- it tempts Council to move from their 'policy and program' role to an 'administrative' role which potentially contravenes the MGA.

Figure 9: Poorly Presented Budget

Protective Services - Fire	2016 PROJECTED ACTUAL ($)	2016 BUDGET ($)	2017 BUDGET ($)
Operating Revenues			
Sale of Goods & Services	3,000	3,000	3,000
Cost Recovery Fire	10,000	10,000	10,000
Highway Rescue Recovery	18,300	17,000	18,000
Emergency Management Preparedness Program Grant	15,000	15,000	15,000
Fire Services Training Program Grant			20,000
Regional Initiative Grant	45,000	45,000	30,000
Donations	5,600	4,000	5,000
Miscellaneous Revenue	2,000	2,000	2,000
Total Operating Revenues	**98,900**	**96,000**	**103,000**
Operating Expenses			
Personnel - Salaries	1,206,000	1,206,000	1,266,000
Personnel - Wages	42,500	45,000	47,000
Personnel - Casual	25,000	28,000	30,000
Personnel - Honorariums	5,500	6,000	7,000
Personnel - Benefits	209,000	215,000	225,000
Meals & Lodging	3,500	4,000	4,000
Memberships & Registrations - Town	2,500	2,500	2,500
Membership & Registrations - Individual	1,000	1,000	1,000
Freight	1,000	1,000	1,000
Telephone & Answering Service	6,000	6,000	6,000
Travel	3,000	4,000	4,000
Uniform Cleaning & Repair	4,000	3,500	3,500
Advertising	1,500	2,000	2,000
Subscriptions & Publications	1,500	1,500	1,500
Training Program	25,000	25,000	35,000

(continued)

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Legal	2,500	3,000	3,000
Consulting Services	20,000	20,000	15,000
Purchased Repairs - Building	8,000	3,000	3,000
Purchased Repairs - Major Equipment	11,000	8,000	8,000
Purchased Repairs - Communications Equipment	4,500	5,000	5,000
Equipment Rental	2,000	1,500	1,500
Licenses & Permits	9,000	9,000	9,000
General Supplies - Station 1	6,000	4,000	4,000
General Supplies - Station 2	3,000	3,000	3,000
Fire & Rescue Supplies - Station 1	23,000	21,000	22,000
Fire & Rescue Supplies - Station 2	22,000	20,000	22,000
Small Equipment & Consumable Tools - Station 1	7,000	6,000	6,000
Small Equipment & Consumable Tools - Station 2	5,000	6,000	6,000
Uniforms	17,000	16,000	18,000
Gas & Oil	12,000	12,000	12,000
Tires	21,000	21,000	21,000
Vehicle & Major Equipment Parts	35,000	32,000	32,000
Building Maintenance Materials - Station 1	16,000	18,000	19,000
Building Maintenance Materials - Station 2	1,000	2,000	2,000
Utilities - Station 1	20,000	21,000	21,000
Utilities - Station 2	17,000	18,000	18,000
Loan Interest - Major Equipment	29,930	30,000	30,000
Loan Interest - Buildings	100,000	100,000	140,000
Amortization Expense	171,629	180,000	225,000
Total Operating Expenses	**2,100,559**	**2,110,000**	**2,281,000**
Net Cost of Operations	**2,001,659**	**2,014,000**	**2,178,000**

Example of a 'Best Practices' Department Operational Budget

This budget example in Figure 10 is the recommended approach which has been implemented by municipalities with positive results. It is an effective communication document which features:

- specific linkages with the Council approved Strategic Plan;

- description of the services provided;

- narrative explaining the major areas of focus and initiatives; and,

- comments regarding the significant variances from the Council approved budget of the previous year.

Note: The Capital Section of the budget may provide information in greater detail pertaining to the current and future capital requirements and plans. Also, this example only provides information for one future budget year whereas municipalities are required to include plans in financial terms for the next two years as well.

Protective Services – Fire

2017 Net Budget	$2,178,000
2016 Net Budget	$2,014,000
Budget Change	$164,000
% Change	8%
2017 Full Time Staff	21
2017 Part Time Staff	2,000 casual hours, 14 volunteers
2016 Full Time Staff	20
2017 Part Time Staff	2,000 casual hours, 10 volunteers

2016 Key Accomplishments

- Established a standardized training program and implemented a fire prevention program.
- Conducted a volunteer activity study and developed a recruitment/training/retention plan.
- Trained 23 fire/rescue personnel in hazardous materials and 18 in auto extraction.

Services & Programs Provided

The Protective Services – Fire provides services to the Town that includes:

- Fire suppression
- Highway rescue
- Search and rescue
- Fire prevention
- Public education
- Investigation

Fire suppression and rescue services are also provided to other rural and urban municipalities under a joint fire services agreement.

These services are provided from two fire stations with one fire chief, two deputy fire chiefs, 19 full-time firefighters and 14 volunteers.

Sample

2017 Priority Departmental Initiatives

Goal	Rationale	Strategic Plan Link
Improve the long range equipment replacement and additions plan	The current plan does not adequately address projected population growth.	Ensure that the quality of services is, at a minimum, retained as the Town's population increases.
Implement the recruitment/training/ retention plan	The volunteer component has decreased in the last five years.	Identify and address ways to engage the community in Town activities.
Enhance the fire inspection service to improve prevention	The number of buildings have increased resulting in a decrease in the appropriate inspection service levels.	Ensure that the quality of services is, at a minimum, retained as the Town's population increases.

Innovations & Efficiencies

- The inspection service process has been improved to reduce the increase in additional inspection personnel required to .5 FTE (Full Time Equivalent employee, with 0.5 FTE indicating a half-time employee).
- The Regional Emergency Plan was updated which has improved communication with the responders and reduced response times to the regions outside of the Town boundaries.

(continued)

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Summary Budget	2016 PROJECTED ACTUAL ($)	2016 BUDGET ($)	2017 BUDGET ($)	BUDGET INCREASE [DECREASE]($)
Operating Revenues				
Sales of Goods & Services	31,300	30,000	31,000	1,000
Government Transfers	60,000	60,000	65,000	5,000
Other Revenue	7,600	6,000	7,000	1,000
Total Revenue	**98,900**	**96,000**	**103,000**	**7,000**
Operating Expenses				
Personnel	1,488,000	1,500,000	1,575,000	75,000
Purchased Services	106,000	100,000	105,000	5,000
Materials	205,000	200,000	206,000	6,000
Debt Interest	129,930	130,000	170,000	40,000
Total Expenses	**1,928,930**	**1,930,000**	**2,056,000**	**126,000**
Net Operating Cash Cost	1,830,030	1,834,000	1,953,000	119,000
Amortization expense	171,629	180,000	225,000	45,000
Net Operating Cost	**2,001,659**	**2,014,000**	**2,178,000**	**164,000**

Statistical Information

Total responses	855	820	925
Fires – Dollar loss	40	40	45
Fires – No dollar loss	60	55	70
Investigations/complaints	35	25	45
Public service	340	320	350
Public hazards	40	60	55
Alarms system activation	210	200	220
Motor vehicle accidents	130	120	140
Inspections	1,250	1,100	1,500

Variance Highlights

- Personnel costs have increased mainly due to:
  - .5 FTE increase to fire inspection services which will improve prevention and increased effectiveness when responding; and,
  - .5 FTE to improve the volunteer recruitment and training program.
- The 2nd fire station completed in 2016 resulted in increased long term debt interest expense and the annual building amortization expense.
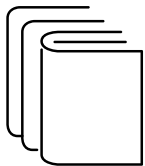
Interpret Financial Statements

Elected officials are not only responsible for approving the municipal budget, but also for monitoring and evaluating the municipality's financial condition. They do this by reviewing financial statements.
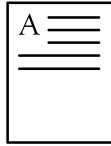
Financial statements are important for a number of reasons:

- they provide current and accurate information on the financial condition of the municipality;

- they are critical to ensure accountability and transparency for how municipal funds are being spent;

- they are critical to the strategic planning process as they provide actual financial position information to assist in addressing the financial condition of the municipality when it comes to sustainability, flexibility and vulnerability; and,

- financial statements provide council and administration with important information that they can share with taxpayers about the types and level of services provided by the municipality.

Reading & Resources

While we will be providing a fairly high level overview of how to read a financial statement, you can find more detailed information on municipalities annual financial reporting from Alberta Municipal Affairs (AMA), including "A Quick Guide to Municipal Financial Statements" along with additional sample financial statements.

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Financial statements provide information including a municipality's financial position by summarizing the municipality's:

- assets;
- liabilities;
- accumulated surplus or deficit;
- net debt;
- tangible capital assets; and,
- other non-financial assets.

Did You Know?

By May 1 each year, Alberta municipalities are required by the MGA to submit an annual audited financial statement.

The financial statement must report on the municipality's financial position as of December 31st of the previous year. It must be prepared in accordance with generally accepted accounting principles for municipal governments in Canada, as approved by the Public Sector Accounting Board.

Financial statements also provide a summary of:

- how municipal funds were sourced, allocated and used;
- how activities influenced the municipality's net debt;
- how activities were financed; and,
- how cash requirements were met.

Financial statements must include four main components:

- statement of financial position;
- statement of operations;
- statement of net financial assets; and,
- statement of cash flow.

Statement of Financial Position

The Statement of Financial Position is a required statement that reports on:

- assets;
- liabilities; and,
- accumulated surplus.

It reports the municipality's financial position as of a specific date, usually the end of the fiscal year. For perspective, the Statement of Financial Position is similar to a business's balance sheet or an individual's net worth. See Figure 11 for a sample Statement of Financial Position. Reviewing these statements over a historic timeframe allows elected officials to observe any key trends that may help evaluate the municipality's current financial position (i.e. decreases in accumulated surplus, increasing long-term debt, or changes to municipal tax revenue).
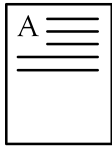
Glossary

Asset

What the municipality owns.

Liability

What the municipality owes.

Accumulated surplus

What is left over after the amount of liability has been subtracted from the total amount of assets.

Glossary

Amortization

An accounting practice to recognize the declining value of an asset over its use. For example, a zamboni may be purchased for $50,000 and estimated to have a useful life of 10 years. Depending on the accounting method used, the zamboni's amortization would be approximately $5,000 per year.

Statement of Operations

The Statement of Operations reflects the actual financial results at the end of the year as compared with the budget forecast. See Figure 12 for a sample Statement of Operations. The statement of Operations is required of all municipalities and reports on:

- revenues;
- expenses; and,
- results for a fiscal year or reporting period.

Reviewing the Statement of Operations allows for the opportunity to compare the actual results with the projected budget and evaluate the reasons for any major deviation that occurs. These can provide insight into any changes the municipality may need to make in its organization or operation.

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Town of XYZ

Consolidated Statement of Financial Position

As at December 31, 2016

	2009 $	2008 $
FINANCIAL ASSETS		
Cash and temporary investments	199,000	69,000
Receivables		
Taxes and grants in place of taxes	73,000	71,000
Trade and other receivables	21,000	30,000
Land for resale inventory	155,000	30,000
Investments	280,000	480,000
Debt charges recoverable	10,000	11,000
	738,000	691,000
LIABILITIES		
Temporary bank indebtedness	46,000	-
Accounts payable and accrued liabilities	140,000	163,000
Deposit liabilities	8,000	7,000
Deferred revenue	56,000	23,000
Employee benefit obligations	50,000	40,000
Provision for landfill closure costs	20,000	2,000
Long-term debt	2,900,000	2,701,000
	3,220,000	2,936,000
NET FINANCIAL ASSETS (DEBT)	**(2,245,000)**	
NON-FINANCIAL ASSETS		
Tangible capital assets	7,865,675	6,854,400
Inventory for consumption	5,000	4,000
Prepaid expenses	1,000	1,000
	7,871,675	6,859,400
ACCUMULATED SURPLUS	**5,389,675**	**4,614,400**

Sample

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Town of YXZ

Consolidated Statement of Operations

For the Year Ended December 31, 2016

	Budget (unaudited)	2009	2008
	$	$	$
REVENUE			
Net municipal taxes	1,425,000	1,430,000	1,278,000
User fees and sales of goods	775,000	760,000	742,000
Government transfers for operating	25,000	27,000	23,000
Investment income	15,000	13,000	15,000
Penalties and costs of taxes	17,000	20,000	19,000
Development levies	15,000	9,000	25,000
Licenses and permits	8,000	10,000	8,000
Other	---	29,000	20,000
Total Revenue	2,280,000	2,298,000	2,130,000
EXPENSES			
Legislative	55,000	58,000	46,000
Administration	165,000	152,000	163,000
Bylaws enforcement	30,000	30,000	29,000
Roads, streets, walks, lighting	950,000	926,000	977,000
Water supply and distribution	425,000	444,000	381,000
Wastewater treatment and disposal	74,000	75,000	71,000
Waste management	110,000	106,000	115,000
Family and community support	110,000	113,000	104,000
Land use planning, zoning and development	42,000	40,000	38,000
Subdivision land development	75,000	117,000	43,000
Parks and recreation	60,000	60,000	64,000
Culture	30,000	30,000	30,000
Amortization	400,000	463,725	428,400
Loss on disposal of capital assets	---	8,000	----
Total Expenses	2,526,000	2,622,725	2,489,400

(continued)

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Consolidated Statement of Operations (continued)

EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	(246,000)	(324,725)	(359,400)
OTHER			
Contributed assets	800,000	800,000	---
Government transfers for capital	300,000	300,000	268,000
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	854,000	775,275	(91,400)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	4,614,400	4,614,400	4,705,800
ACCUMULATED SURPLUS, END OF YEAR	5,468,400	5,389,675	4,614,400

Statement of Change in Net Financial Assets

Statement of Change in Net Financial Assets (Debt) is a required statement that:

- explains the difference between the annual surplus or deficit and the change in net financial assets (debt). (A "net financial asset" position is when the financial assets exceed the liabilities. A "net financial debt" position is when the liabilities exceed the financial assets. The analysis regarding funds set aside for future purposes is required);

- reports spending to acquire tangible capital assets and inventories of supplies; and

- Reports disposal of tangible capital assets and the use of inventory.

See Figure 13 for a sample of Statement of Change in Net Financial Assets (Debt).
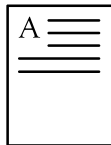
Glossary

Financial Assets

Current cash resources plus any items or holdings that are expected to be converted into cash in the future. For example, land that the municipality intends to sell or long-term investments it intends to convert can be considered as financial assets.

Town XYZ

Consolidated Statement of Change in Net Financial Assets (Debt)

For the Year Ended December 31, 2016

Sample

	Budget (unaudited) $	2009 $	2008 $
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	854,000	775,275	(91,400)
Acquisition of tangible capital assets	(700,000)	(693,000)	(411,000)
Contributed tangible capital assets	(800,000)	(800,000)	-
Proceeds on disposal of tangible capital assets	-	10,000	-
Amortization of tangible capital assets	400,000	463,725	428,400
(Gain) loss on sale of tangible capital assets	-	8,000	-
	(1,100,000)	(1,011,275)	17,400
Acquisition of supplies inventories	(150,000)	(167,000)	(146,000)
Acquisition of prepaid assets	(40,000)	(40,000)	(35,000)
Use of supplies inventories	150,000	166,000	149,000
Use of prepaid assets	40,000	40,000	35,000
	-	(1,000)	3,000
(INCREASE) DECREASE IN NET DEBT	(246,000)	(237,000)	(71,000)
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	(2,245,000)	(2,245,000)	(2,174,000)
NET FINANCIAL ASSETS (DEBT), END OF YEAR	(2,491,000)	(2,482,000)	(2,245,000)

Statement of Cash Flow

Statement of Cash Flow is a required statement that:

- identifies where cash came from;
- shows how cash was used; and,
- provides details on changes in cash and cash equivalents since the previous reporting period.

You can see a sample of a Statement of Cash Flow in Figure 14.

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Town of XYZ

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2016

Sample

	2009 $	2008 $
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	775,275	(91,400)
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	463,725	428,400
Loss on disposal of tangible capital assets	8,000	–
Tangible capital assets received as contributions	(800,000)	–
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(2,000)	10,000
Decrease (increase) in trade and other receivables	9,000	(1,000)
Decrease (increase) in land held for resale	(125,000)	-
Decrease (increase) in inventory for consumption	(1,000)	2,000
Decrease (increase) in prepaid expenses	-	(1,000)
Increase (decrease) in accounts payable and accrued liabilities	(23,000)	2,000
Increase (decrease) in deposit liabilities	1,000	-
Increase (decrease) in deferred revenue	33,000	-
Increase (decrease) in employee benefit obligations	10,000	-
Increase (decrease) in provision for landfill closure/post-closure	18,000	2,000
Cash provided by operating transactions	367,000	351,000
CAPITAL		
Acquisition of tangible capital assets	(693,000)	(411,000)
Sale of tangible capital assets	10,000	-
Cash applied to capital transactions	(683,000)	(411,000)

(continued)

Consolidated Statement of Cash Flows (continued)

INVESTING

Decrease (increase) in restricted cash or cash equivalents	(35,000)	-
Decrease (increase) in investments	200,000	(50,000)
Cash provided by (applied to) investing transactions	165,000	(50,000)

FINANCING

Debt charges recovered	1,000	1,000
Long-term debt issued	300,000	-
Long-term debt repaid	(101,000)	(101,000)
Cash provided by (applied to) financing transactions	200,000	(100,000)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	49,000	(210,000)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	69,000	279,000
CASH AND CASH EQUIVALENTS, END OF YEAR	118,000	69,000

Assessing the true financial health of a community is a balancing act. A municipality should be in a positive financial position but also needs to look after its assets. Money in the bank doesn't always mean everything is great. For example:

- **Municipality #1:** Has a relatively low tax rate, low amount of debt, and minimal funds in the general reserves. When it comes to infrastructure, it has high volumes of leaks in the water distribution network and is in dire need of a new water lift station.

- **Municipality #2:** Has a relatively higher tax rate, higher debt load, and a relatively healthy reserve of funds. The water and wastewater systems are in good condition, but there is some major road work needed and the recreation center is in need of major repairs.

Municipality #1 can borrow or increase taxes to address their infrastructure deficits – but that will take time and they need to communicate the reasons to public and prioritize spending. **Municipality #2** can either increase taxes or use reserves to address roads issues or do the recreation facility repairs. However, **Municipality #2** may have less flexibility to increase taxes and debt because their tax rates and debt are already higher. **Municipality #2** also needs to communicate with the public and prioritize their spending.

Notes and Schedules

In addition to actual financial data, Municipal financial statements will also include notes and schedules that provide additional detailed information and explanation for what is in the financial statements. Supplementary schedules will vary depending on the size and complexity of the municipality.

Notes to the financial statements contain additional explanations, some of which are required by legislation and regulation. The notes provide background information that the reader needs to fully understand the impacts of specific values in the financial statements. Typical notes to financial statements can include information on:

- accounting policies;
- cash and investments;
- deferred revenue;
- employee benefit obligations;
- salary and benefits of elected officials;
- debt and debt limit information;
- tangible capital assets; and,
- accumulated surplus.

In its Quick Guide to Municipal Financial Statements, AMA provides financial statement review questions that are designed to help elected officials to know what questions to ask in order to fully review and understand the municipality's financial statements.
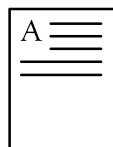
Glossary

Deferred revenue

Income received that will not be recorded as revenue until certain transactions or events take place. For example, off-site levies or provincial grant funds that have been received, but their use is restricted until they can be applied to their specific purpose.

Role Of The External Auditor

While internal checks and balances are important to the integrity of a municipality's financial statements, a third-party auditor must also review the municipality's financial statements. Audits are important components of any municipal financial management system and accountability process.

It's important to note that accounting and auditing are distinctly different and separate boards for each are established and regulated by The Chartered Professional Accountants of Canada. The accounting and auditing professions are to follow standards established by these boards.

Councils have legislative responsibility to appoint auditors and to receive and review their reports, as set out in Part 8 of the MGA.

The purpose of auditing the municipality's financial statements is to assure all users of the statements that the information is fairly presented in all material respects and that the financial position, results of operations and cash flows, are in accordance with generally accepted accounting principles (GAAP).

As we discussed above, financial statements are based on administration's assertions. The financial audit provides council (and all other users of the financial statements) with assurance that the financial statements developed by administration is reliable.

The Auditor's Report

The auditor's report will tell you:

- the scope of the work undertaken;

- how the responsibilities of administration and the auditor differ;

- information regarding the audit standards that were followed in creating the report;

- the nature and limitations of the audit; and,

- the auditor's opinion whether the financial statements are presented in accordance with generally accepted accounting principles (GAAP).

The auditor's opinion is key. But it is important to understand that the auditor is not providing an opinion on the municipality's financial health. The auditor seeks a high, though not absolute, level of assurance referred to as 'reasonable assurance,' on whether the financial statements are free of material misstatement (caused by fraud or error). Absolute assurance in auditing is not attainable because there are inherent limitations in testing data, internal controls, assessing audit evidence and judgment.

Did You Know?

The only legislated audit that municipalities must conduct is the financial statement audit. Municipalities may contract services to conduct value added audits. The Province may conduct a compliance audit to ensure that grants have been used for the intended purpose. Safety audits are conducted by those municipalities that have safety certifications, which fits with the broad council responsibility for the safety of the municipality. Additional audits that many municipalities consider as best practices include:

- value for money audit, which can be beneficial to assess operations and management systems; and,

- a compliance audit, which would normally be requested from a senior government but there may be situations when a municipality is funding another entity (e.g. commission, local entity) and wants to ensure the funds are being used as agreed.

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The only opinion the auditor is giving is on whether the financial statements have been prepared in accordance with generally accepted accounting principles (GAAP).

There are four types of audit opinions that you may see.

1. An **"Unqualified" or "Clean"** opinion means the information fully conforms with generally accepted accounting principles (GAAP).

2. A **"Qualified Opinion"** means the auditor has reservations about the fair presentation of the information in the financial statements.

3. A **"Disclaimer of Opinion"** means the auditor does not have the information needed to offer an opinion.

4. An **"Adverse Opinion"** means the financial statements are not fairly presented in conformity with general accepted accounting principles (GAAP).

Auditor's Management Letter

The auditor also writes a letter to administration – called the Auditor's Management Letter. In addition to identifying the auditor's responsibilities, misstatements and the resulting risk of a material misstatement, this letter is a good source of information on deficiencies in internal processes and controls. For example, it may identify some internal controls that are weak and recommend changes in procedures to strengthen those controls. The Management Letter should also be discussed with Council because it contains information that is well within the purview of Council – financial policies and procedures.

Audit Committee

Municipalities may choose to create an Audit Committee to work with the auditor and discuss the audit. The Audit Committee is set up as a committee of council. However, all of Council still needs to review and accept the financial statements.

Apply concepts to mitigate financial risk

In Module 2 we discussed the notion of managing risks in decision making and considering risk from the perspectives of overall impact and likelihood.

We deal with risk every day. Let's consider a personal decision you might have to make in the activity below.

Governments face unique risks, and risk management needs to be a part of the municipality's philosophy and overall attitude. For example:

- Some public-sector services are high risk, such as police and fire services.

- The scope of public sector work is enormous (from providing essential services like water and roads, to ensuring healthy recreation options).

- Municipalities have little control over some of their physical environments like parks and roadways that are open 24/7.
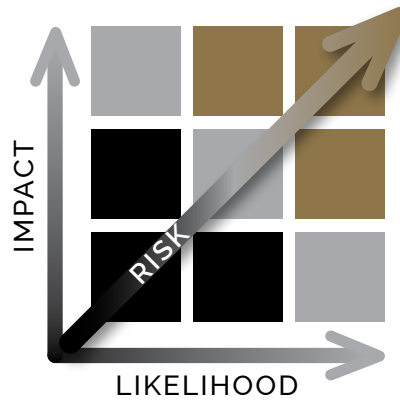

Figure 9: Financial Risk

Apply My Knowledge

Let's say you have only $600 to spend on only one of three situations below. Indicate, by circling the number, which one would you choose?

1. The winter tires on your car are several years old, and they are balding quickly.

2. Your child is starting hockey this year, and you need to pay for registration and equipment.

3. Your roof has been leaking for two weeks and requires maintenance.

Individually think about your choice. Then take a couple of minutes to discuss your choice and your reasons with a partner.

_____
_____
_____
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_____

Risk management needs to be part of the municipality's philosophy and overall attitude.

While there is risk in everything that municipalities do, there are really four main purposes for managing risk. These are:

1. to ensure business continuity;

2. to create a safe workplace for staff and residents;

3. to prevent catastrophic financial loss; and,

4. to provide budgetary stability.

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Managing risk means considering the trade-offs. Risk, service and costs associated cannot be fully understood in isolation of one another. They must be considered together to truly understand the connections and the trade-offs.
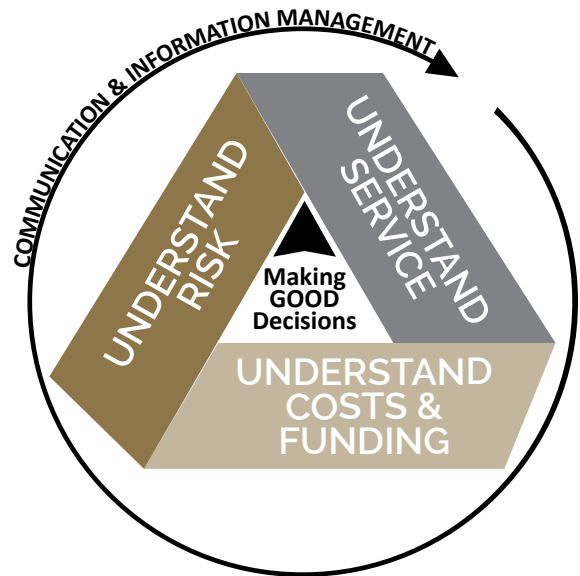
When you have a good understanding of all three – risk, service and cost/funding – then Council can make good decisions, which will inevitably include trade-offs that are appropriately accurate and complete. Ensuring you have a good understanding of all three also equips you to use the information and data you have to communicate with your constituents. Given the same information, community members will be more likely to agree with your financial decisions.

Module 2 introduced the notion of asset and strategic risks. An asset risk can be best understood by comparing the costs to rebuild a road, to the costs of minor maintenance and repair annually, to the long-term costs of doing nothing at all. A strategic risk can be understood by comparing the costs and benefits of proactive succession planning to the costs of losing key staff and organizational knowledge.

Figure 10: Making Good Decisions

Source: Alberta Municipal Affairs, Asset Management Handbook, pg. 14

Mitigating risk will have a cost. In deciding to mitigate or tolerate risk, regardless of the type, you will need to consider the cost and inconveniences associated with your decisions.

Often, spending the funds in the short-term can help reduce risk in the long-term. For example, increasing budgets for operations and maintenance may increase the costs in the short term, but will decrease risk in the long term. As well, the impact of cutting costs in the short-term may not be seen until years later when problems become much bigger, more difficult to deal with and inevitably, costlier.

Apply My Knowledge

Let's make some decisions that involve considering the trade offs around managing risk. With a partner or in a small group, consider the scenarios below and choose one to discuss. Identify your options and record your response and rationale in the space provided.

a. *Scenario #1:* *You have $1,000,000. Would you replace a 60-75-year-old watermain under Road A, or replace Road B that is 30 years old and has washed out due to flooding in the past? What would you consider and how would you respond?*

_____
_____
_____
_____
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_____

b. *Scenario #2:* *Administration has informed council that the municipal water treatment plant is having issues that could cause severe supply interruption in near future. What would you consider and how would you respond?*

_____
_____
_____
_____
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_____

Asset Management

Asset management helps municipalities to answer questions like:

- How should we determine appropriate levels of service delivery?
- How do we determine the costs and benefits of determining services at different levels?
- Which assets should we replace first?
- How much money do we need to set aside for asset replacement in the future?
- How much should we be spending on maintenance?
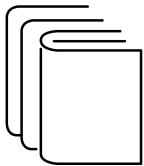
Reading & Resources

AMA provides a number of asset management resources, including a comprehensive handbook and toolkit called Building Community Resilience Through Asset Management: A Handbook & Toolkit for Alberta Municipalities.

Also, visit the Federation of Canadian Municipalities Municipal Asset Management Program (MAMP) for funding opportunities to improve asset management capacity in your municipality.

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> **Glossary**
>
> **Asset Management**
>
> The process of making decisions about the use and care of infrastructure to deliver services in a way that considers current and future needs, manages risks and opportunities and makes the best use of resources.

Building resilient communities, with sustainable services is the ultimate goal of asset management and should be at the centre of any asset management action, decision or program. A resilient community is one that can manage changes, undesired events and financial shocks while continuing to deliver important services without introducing significant changes to revenues or spending.

Asset management helps with:

- evaluating and communicating trade-offs between services, costs and managing risk;
- supporting council in making evidence/data-supported decisions;
- providing a defensible way of prioritizing projects and resources;
- aligning the organization to focus on the things that matter the most;
- deciding what infrastructure needs replacing or renewal;
- determining how much should be saved for future infrastructure renewal; and,
- demonstrating accountability to the community.

There are many ways to approach asset management, but at even the most basic level, asset management is always about informed decisions with an understanding of service, risk and cost.

Alberta's Borrowing Legislation

In Alberta, all municipal borrowing must be authorized by a bylaw and, in most cases, be advertised prior to the bylaw's second reading. The only cases where borrowing bylaws do not need to be advertised include operating expenditures not exceeding three years, capital expenditures not exceeding five years, and refinancing where the outstanding principal and remaining term are not exceeded.

Municipal debt limits are established by provincial regulation, however borrowing within the limit is a decision of council. Debt limits are established relative to a municipality's total revenue and designed to ensure that the total debt servicing required also aligns with revenue. Borrowing over the limit requires approval of the Minister. Councillors who vote in favour of a borrowing bylaw that would cause the municipality to exceed the legislated borrowing limit, without approval of the Minister, could be held personally liable.

Loans and guarantees by the municipality require bylaws to be advertised and are subject to the municipality's debt limit.

> **? Did You Know?**
>
> Capital purchases or projects requiring municipal debt cannot proceed prior to the municipality passing a borrowing bylaw. However, project design and planning may go ahead because the information these stages provide is typically necessary to determine the financing needs of the project and the amount of necessary debt.

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New in the MGA

The changes to the MGA, introduced in 2016, move the assessment of select industrial properties to the province. These select industrial properties are defined as "Designated Industrial Property".

## Distinguish How Municipalities Are Funded

We've talked about important budgeting and financial administration processes, but where do municipalities get the funds that they will ultimately budget and manage?

Explore Assessment And Taxation

Property tax is a key source of revenue for financing municipal operations. Assessment is the process of estimating a dollar value on a property for taxation purposes.

According to the MGA, municipalities are responsible for collecting property taxes for municipal purposes, as well as on behalf of the Government of Alberta for the province's education system, which is commonly referred to as the 'education property tax requisition.' Property taxes are charged to property owners based on the value of their property as determined from the assessment process. Property taxes are not a fee for service, but a way of distributing the cost for local government services and programs fairly throughout a municipality.

The assessment and taxation system begins with the requirements outlined in Part 9 and Part 10 of the MGA. All activities that are associated with property assessment and taxation are governed by this legislation and its regulations.
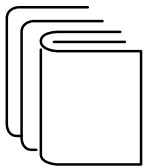
Reading & Resources

This brief video, called "How Your Property Tax is Calculated," developed by the City of London, Ontario, may help you to understand the assessment and taxation process. The video provides a good example of the relationship between property assessments, tax rates and tax revenues. It captures how:

- "market growth", which is based on recent property sales, can impact tax rates;

- the percentage increase in "market growth" can vary by types of property and location in the municipality;

- tax rates can remain the same as the previous year but still result in property tax increases on existing properties due to "market growth"; and,

- "real growth", which is the assessed value of properties added since the previous year, can impact tax revenues and tax rates.

It is important for Council to know the percentage of market growth (the increase to existing property value without anything done to the property to enhance the value) and real growth (new properties, property improvements) in the total property assessment for each assessment class. This information will assist in communicating the property tax implications of budget decisions.

Bear in mind the target audience for this video is residents, and only includes one class of assessment – residential. However, it is insightful as a similar process is used for all other classes as well.

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In a nutshell, the legislation stipulates the following responsibilities and parameters for municipalities regarding assessment and taxation:

- Assessments, except for linear property (such as power lines or pipelines) and designated industrial property, are to be prepared by the municipality.

- There are four potential assessment classes in any municipality:

  - Class 1 – Residential

  - Class 2 – Non-residential (commercial)

  - Class 3 – Farm land

  - Class 4 – Machinery & equipment

- The assessment roll (a list of all assessed properties and their values) must be prepared by an assessor, appointed by the municipality but independent from Council, not later than February 28.

- Council must pass a property tax rate bylaw annually, after the budget has been approved by council.

What is the relationship between property assessment value and taxation? Although one impacts the other, each is a distinct and independent process.

So, how much tax revenue will be required to adequately maintain existing programs and implement new programs? That's the question municipalities need to ask. Here are the basic steps followed to determine the answer:

1. Council, as part of the budget process, will determine how much property tax revenue is required to achieve a balanced budget.

2. If the same tax rate is to be applied to all of the assessment classes, the tax revenue required is divided by the assessment base (total value of taxable property) to determine the tax rate (also referred to as mill rate).

$$\frac{\text{Tax revenue requirement}}{\text{Assessment base}} = \text{Tax rate}$$

The tax rate is applied to each property assessment using the following formula:

Property assessment X Tax rate = Taxes payable

3. The overall tax rate determined in Step 2 is only an average. Municipalities normally set different municipal tax rates for each of the four major assessment classes once each year.
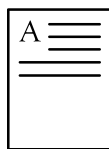
Glossary

assessment

The process of estimating a dollar value on a property for taxation purposes. This value is used to calculate the amount of taxes that will be charged to the owner of the property.
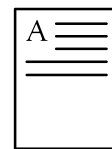
Glossary

taxation

The process of applying a tax rate to a property's assessed value to determine the taxes payable by the owner of that property.

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The assessment process is independent of Council. Here is a snapshot of how the process works:

1. The assessor interprets the legislation and regulations to determine which valuation method must be used for each type of property – residential, non-residential etc.

2. The assessor collects a variety of information to calculate a property assessment.

3. When the assessment is complete, the assessed value is entered on the assessment roll, which lists all of the property assessments in a municipality.

4. Assessment notices are created from the information on the assessment roll and are mailed to every property owner in a municipality.

5. If a property owner does not agree with the information on the assessment notice, they are encouraged to contact the assessor to review the issue.

6. The assessor reviews each complaint and has the authority to revise the assessment if it is determined that the original notice is not accurate; a corrected notice is issued.

7. If the assessor and the property owner, after reviewing the issue, are unable to come to an agreement, the property owner may begin the formal complaint process by filing a complaint with the Assessment Review Board established by the municipality. The property owner has the option to appeal the assessment to the provincial level, the Municipal Government Board, if the property owner does not agree with the decision of the Assessment Review Board.

8. The assessment roll is used to calculate the amount of municipal and education property tax payable on each property.

Assessments may vary between municipalities, because, for certain types of property, value is determined by the market, which can vary throughout the province.

AMA annually audits the assessment information prepared by each municipality. Council can, and should, ask Administration for the summary of the results of the annual assessment audit report prepared by AMA and sent to all municipalities.

Equalized Assessment

Equalized assessment adjust the assessment data that municipalities report to the province in order to establish a fair representation of assessment among all municipalities. An equalized approach is important as assessment is often used to determine how to allocate the municipal share of education tax and available grant funds.

Variation occurs in the way that properties are assessed across Alberta, which results in municipal assessment values that do not always represent 100% of market value, ranging from 95% to 105%. Because of this range, the equalization process tries to remove the variations to create a level playing field so municipalities do not pay a disproportionate share of education tax or receive a disproportionate share of grant funds.

Did You Know?

Each year, AMA prepares an "equalized assessment" to create a common assessment base for distributing the provincial education property tax requisition among municipalities, as well as the regional requisitions of some housing authorities. The equalized assessment may also be used to distribute provincial and federal grants among municipalities.

elected officials
education program

Municipal Grants

Another source of funding for municipalities are federal and provincial grants.

Some federal grants are streamed through provinces, some through the Federation of Canadian Municipalities and some are granted directly to the municipality.

AMA has 27 grant programs that support municipalities in a wide range of areas, from emergency preparedness, preventative social programs and even pest control to sustainability, water/wastewater and transportation initiatives.

> **Reading & Resources**
>
> AMA provides the Municipal Grants Web Portal where you will find a complete list of available provincial grant programs and relevant information about applying for them.

Some provincial grants are allocation based, such as the Municipal Sustainability Initiative (MSI), which represents the largest source of provincial funding for municipalities. Typically, non-allocation based grants are becoming more competitive with the availability of funds shrinking relative to the demand.

However, municipalities can differentiate themselves within this environment. It is important that municipal staff stay informed about what grants are available and how they may assist the municipality in fulfilling its current and future priorities.

For some funding programs, funding is tied to the deliverables and outcomes of the initiatives. In other words, different grants have different levels of stringency in terms of how the grant money must be used. Be sure you understand how your grant money must be used, and be prepared to demonstrate it.

There are reporting requirements associated with each grant program. It is important to be aware of these requirements if your grant application is successful. Failure to fulfill reporting requirements may result in a claw back of the funding.

User Fees

As we already discussed, the bulk of funding for municipal operations comes from property taxes. But more and more, municipalities are moving toward direct fee for service for some of the services they provide, such as:

- water;
- sewer;
- stormwater;
- garbage collection; and,
- municipal recreation facilities and programs.

Almost all municipalities charge for water and sewer. However, these rates may not have been updated or do not cover all the costs of providing that specific service. As a result, part of the cost of providing water and sewer services are covered by the general tax revenue or other sources than utility rates. More municipalities are moving towards full cost accounting (covering all the cost of the service with the utility rate) to generate the required revenue. The ratio of subsidy will vary from possibly 100 percent recovery for utility services to a potentially lower percentage for recreation.

Council needs to be familiar with the various user fees the municipality charges and the costs they are intended to cover.

What Does This Mean in My World?

A place to write your own reflections and insights on how you might apply a concept or idea to your own municipal circumstances.

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# Module 4: Explore the Role of Municipal Planning and Development

After completing this module, participants will be able to:

Recognize how municipalities plan and grow, by:

- considering how different levels of planning impact service delivery; and,
- identifying key municipal plans, policies and projects.

Understand common planning and development processes, by:

- exploring various municipal planning processes; and,
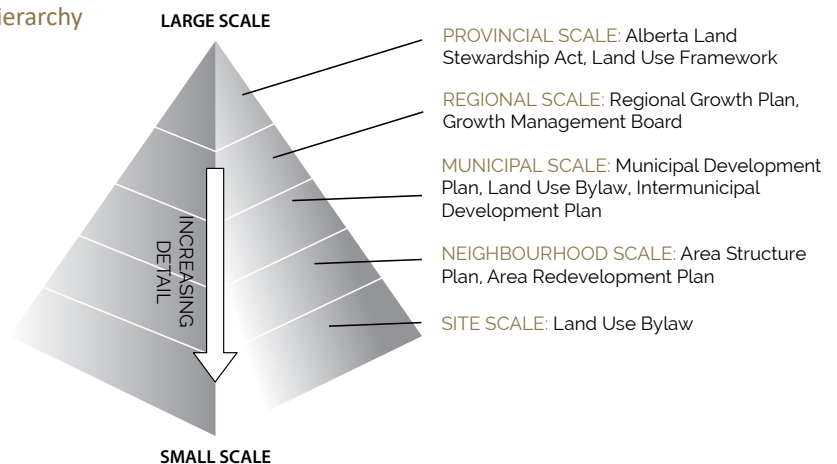- exploring development approval process and appeal processes.
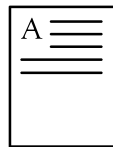
Glossary

Planning

According to the Canadian Institute of Planners (CIP): "Planning" means the scientific, aesthetic, and orderly disposition of land, resources, facilities and services with a view to securing the physical, economic and social efficiency, health and well-being of urban and rural communities.

Levels of Community Planning: What Are They and How Do They Fit Together?

Beginning a conversation around municipal planning and development requires a shared understanding of the concept of "planning."

There is a direct relationship between the jurisdictional hierarchy and the hierarchy of plans each municipality establishes. Figure 11 below shows the hierarchy of planning documents and structures established under provincial jurisdiction, moving to more localized scales with increasing levels of detail. In Module 1, we discussed planning from a variety of different perspectives. Here, we discuss planning from a statutory perspective and explore the relationship to the MGA.

Figure 11: Planning Hierarchy

LARGE SCALE

INCREASING DETAIL

SMALL SCALE

PROVINCIAL SCALE: Alberta Land Stewardship Act, Land Use Framework

REGIONAL SCALE: Regional Growth Plan, Growth Management Board

MUNICIPAL SCALE: Municipal Development Plan, Land Use Bylaw, Intermunicipal Development Plan

NEIGHBOURHOOD SCALE: Area Structure Plan, Area Redevelopment Plan

SITE SCALE: Land Use Bylaw

Each level of planning is described in more detail below.

- **Provincial:**
  The provincial Land Use Framework (LUF) sets out a new approach to managing land and natural resources in a manner that achieves Alberta's long-term economic, environmental and social goals. The LUF defines seven regions in the province and calls for the development of a regional plan for each of them. The plans establish an overarching direction for each region and all other municipal statutory plans must demonstrate their consistency with the regional plans.

- **Regional:**
  Regional Growth Plans are established by a Growth Management Board (GMB), comprised of representatives from multiple municipalities within a defined area. The Regional Growth Plan guides the daily work of the GMB through a focus on establishing priority growth areas, density targets, priority preservation areas, among other priorities defined by the GMB. GMBs are mandated for the Edmonton and Calgary regions under the *Municipal Government Act* (MGA).

- **Municipal:**
  - Municipal Development Plan (MDP): This is required by the MGA. It sets out the vision, goals, objectives, and policies for the municipality and provides direction to guide growth and development.

  - Intermunicipal Development Plan (IDP): This is developed and approved by two or more municipalities alongside a non-statutory Intermunicipal Collaboration Framework (ICF). The focus of an IDP is to outline a coordinated and cooperative approach to managing the use and development of lands along shared boundaries, while an ICF is concerned with coordinating service provision. Municipalities that are part of the same Growth Management Board are exempt from creating an IDP or ICF, but they are required by the MGA in all other instances.

  - Land Use Bylaw (LUB): At the municipal level, the LUB establishes an overall land use pattern for the entire municipality based on the overarching direction of the MDP. The LUB includes land use districts (zones) that designate areas for residential, commercial and industrial development.

- **Neighbourhood:**
  - Area Structure Plan (ASP): The MGA outlines the requirements for an ASP, which are used as a long range land use planning tool to guide the planning of new development areas. These typically apply to large areas and establish a greater level of detail than the MDP.

  - Area Redevelopment Plan (ARP): Similar to an ASP, the ARP is a statutory plan defined in the MGA. An ARP concentrates on the rehabilitation and improvement of areas that are currently developed. These are often used to help guide the redevelopment of commercial ares or to establish density and infill guidelines in older residential areas.

- **Site:**
  - Land Use Bylaw (LUB): The LUB, at the site level, establishes rules and regulations for land development as well as the decision-making process for development permit applications. Each land use district has certain land uses that are permitted, others that are conditional upon approval, and some that are prohibited. At the site level, the LUB not only regulates the use, but also location and dimensions of buildings.

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Local context drives the content of municipal planning. However, a shared characteristic of all municipal plans is the articulation of how all aspects of a community are interconnected. There are many aspects of municipal plans that cannot be fully understood in isolation of the others. Considering them together helps to share our understanding of the local context, which is always evolving. Planning considerations include:

- changing demographics;
- housing types and availability;
- school population trends;
- park and public spaces;
- commercial and employment activity;
- infrastructure condition;
- social networks;
- natural assets;
- municipal financial condition;
- economic growth or regression;
- provincial initiatives or requirements;
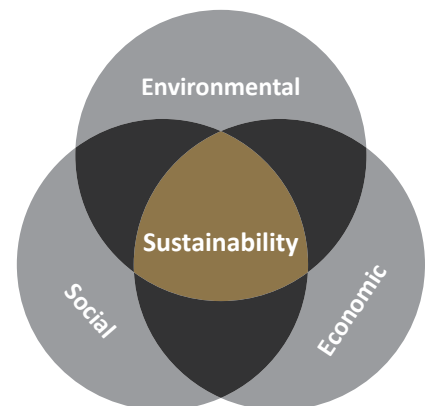- regional growth, development and change; and,
- resource development.
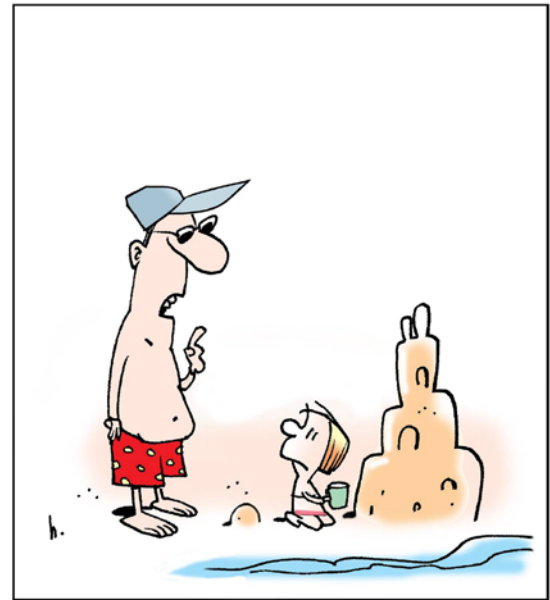
All I'm saying is that if you were within municipal boundaries, you'd need a permit!

The Municipal Development Plan (MDP) begins to connect the relationship between growth and development and the municipality's ability to provide services. The MDP, and the process to prepare it, provides a tool for:

- translating the goals and aspirations of the community into policy on which the municipality will make decisions that help shape the desired future;

Figure 11: SustainableCommunity Development

- helping council, staff and the public understand where and how the community will grow in the future and where the municipality will need to invest in infrastructure;

- involving citizens of the community in providing direction for creating and maintaining quality of life characteristics that are important to the future of the municipality; and,

- improving two-way communication between citizens and the municipality to help increase the awareness around the impacts of development on the community.

Municipal planning and development is continually striving to balance what is important today with the need to make decisions that will support the municipality's long-term sustainability and not create unintended negative consequences in the future.

It is important for all municipal planning efforts to incorporate the concepts of sustainable community development, which embrace the interdependencies within the environmental, social, and economic spheres of the community. This approach is often referred to as the "triple-bottom line" decision making process as it attempts to evaluate and understand the risks, costs, and impacts of decisions through each of these lenses.

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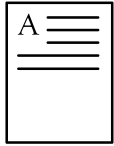
> **Glossary**
>
> **Sustainable development**
>
> "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."
>
> This definition is derived from the widely sourced report entitled, Our Common Future, published by the Brundtland Commission in 1987. The report was the outcome of work by the World Commission on Environment and Development, convened by the United Nations, and which laid out the concept of sustainability as containing environmental, economic and social aspects.

The Provincial-Municipal Relationship in Planning

We have discussed the role of municipal planning and its importance based on the complex interdependencies that exist in a community. Equally important to effective municipal planning is a good understanding of the provincial-municipal relationship in implementing plans, and Council's role in setting the direction of local plans and using them in their decision-making processes.

While municipalities are responsible for preparing and implementing plans at the local level, there is a jurisdictional hierarchy that establishes provincial oversight on local matters. The municipality must follow the rules and regulations established by the applicable provincial ministry in any decision it makes that has potential impact on uses with provincial oversight. This requires consultation on new municipal plans or development proposals where there is potential impact on provincial interests, for example provincial highways, environmentally significant areas, natural resources, or Crown land.

The higher-level oversight includes the *Alberta Land Stewardship Act,* which outlines the framework for developing and implementing Regional Plans, and the *Municipal Government Act,* which outlines the rules and regulations for the operation of municipalities. In addition to provincial oversight, there are other aspects of communities that require federal oversight, such as airports and military bases. The Government of Alberta sets out rules and regulations that impact the planning and location of:

- school reserves – land dedicated for school purposes;
- municipal reserves – land dedicated for parks, recreation, or open space purposes;
- environmental reserves – land dedicated to preserve environmentally significant areas;
- highways;
- landfills;
- water bodies and wetlands;
- development along floodplains;
- oil and gas facilities;
- wastewater treatment plants;
- confined feeding operations; and,
- manure storage facilities.

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Apply My Knowledge

The Town of Nowhere, Alberta has a Municipal Development Plan (MDP) that classifies an area for industrial use along the edge of town and adjacent to the highway. The area is part of an overall strategy to promote industrial uses at the Town's boundary, while focusing commercial and retail uses in the downtown core. There has been very little interest expressed for industrial development but the Town has experienced significant residential growth that has increased the tax burden on local homeowners. A big box retailer that needs a large amount of land has approached council about possibly locating a store in the town but cannot find an adequately sized parcel either downtown or within the commercially designated areas. The company has determined that the market in this town is strong and has asked for an amendment to the town's Municipal Development Plan and Land Use Bylaw to allow for commercial uses in the area currently identified for industrial use.

Working with a partner or in a small group, consider and record your thoughts on the questions below.

1. What are the pressures to approve the new commercial development?

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2. How would you consider this scenario from the following planning perspectives: directive, which establishes a plan and sticks with it; and reactive, which implies the plan changes when faces with something unanticipated?

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3. How will you evaluate the decision given the lag time in determining whether or not the decision was successful – i.e. today's problems were yesterday's solutions?

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4. How do you account for potential unintended consequences? Failing to understand decisions from multiple angles may produce consequences beyond the intent of the original decision.
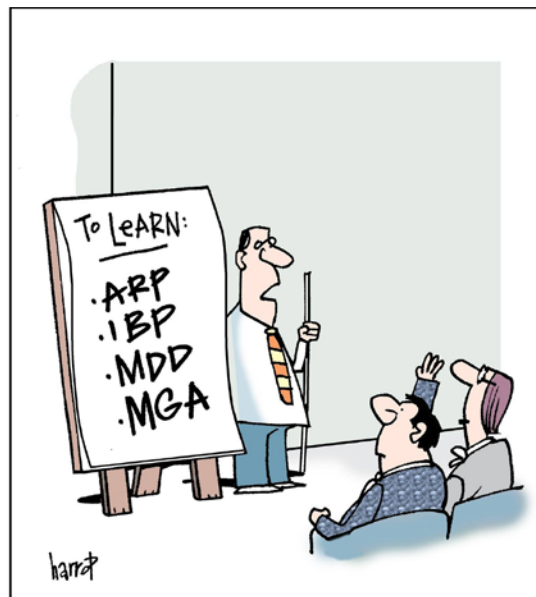
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Council's Role in Municipal Planning

Elected officials are not responsible for developing the various municipal plans, but Council has a significant role in setting the aspirational direction of the municipality. To establish this direction, Council's role in the municipal planning and development process requires:

- incorporating feedback from the broader community into the decision-making process;

- understanding the local policy direction relative to changing community priorities; and

- basing all decisions on the policy and direction provided within the local planning documents, as Council's responsibility is to either follow the planning documents of the municipality or provide direction to make the necessary changes if they are no longer considered relevant.

Common Planning and Development Processes

Not all municipal plans are created equally. There are statutory and non-statutory plans.

Anybody else think we should ditch the acronyms ASAP?

Statutory Municipal Plans

Statutory, or required, municipal plans include the:

- Intermunicipal Development Plan (IDP);

- Municipal Development Plan (MDP);

- Area Structure Plan (ASP); and

- Area Redevelopment Plan (ARP).

Statutory plans are adopted through a bylaw, which requires a public hearing. Statutory plans must not only be consistent with one another, but also consistent with other plans and legislation above them in the planning hierarchy, for example the *Land Stewardship Act.*

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Non-Statutory Municipal Plans

Municipalities typically develop a number of other plans that are not mandated or required of them but are considered important tools for implementing the higher-level policy and direction stemming from the statutory plans. Non-statutory plans include outline/concept plans, infrastructure master plans (transportation, water, wastewater, and storm water), asset management plans, sustainability plans and design guidelines, among others. These non-statutory plans represent the direction of Council but do not hold the same authority over subdivision and development decisions. As with Statutory Plans, the municipality is also required to publish all Non-Statutory Plans to ensure that all planning documents are accessible to the public.

Land Use Bylaw

Even though a Land Use Bylaw (LUB) is required for all municipalities through the MGA and it must be adopted through a public hearing process, the LUB is not considered a statutory plan. Rather, it is considered the tool for implementing statutory plans. The LUB is the language used to describe zoning in Alberta. It is considered the main regulatory document for the municipality, as it translates the community's vision, goals, objectives, and policies into how things are actually developed. The LUB establishes the various districts throughout the municipality --including residential, industrial, commercial areas – and establishes rules within each.

The Development Authority is an official or commission appointed by council to implement the LUB and exercise development powers on behalf of the municipality, including rendering decisions on development permit applications. The Development Authority makes the decision on most development applications. Variance powers are commonly applied to development standards outlined in the LUB, but they may only be exercised if the Development Authority is of the opinion that the proposed development would not unduly interfere with the amenities of the neighbourhood or materially interfere with, or affect the use, enjoyment or value of neighbouring properties. The Subdivision Authority is also established by council to help implement the LUB by evaluating subdivision applications according to requirements in the LUB. The Subdivision Authority holds the same variance powers as the Development Authority.

Council's role in the LUB is to adopt the bylaw, approve any amendments, and approve Direct Control (DC) districts. DC districts are typically created when a proposed development does not fit within the other land use districts in the land use bylaw, or a development is unique. DC districts are different from other land use districts in that it is Council and not the Development Authority who issues any decisions on development approvals or amendments in the area.

Considering that the LUB is the tool used to implement statutory and non-statutory plans, it is critical that the LUB is consistent with all higher-level planning documents. Amendments to the LUB (often referred to as re-designation and/or rezoning) are not uncommon, but they need to be considered within the broader context of their relationship to the statutory plans.

The Approval and Appeal Process

Public hearings are required when adopting a bylaw. In the planning and development context, this refers to a new IDP, MDP, ARP, ASP or LUB, as well as any amendments to these documents.

The role of the public hearing is to ensure there is a consistent link between the decision-making process and the overall goals and aspirations established by citizens. This is not to imply that changes cannot be made from the initial community vision, but the public hearing ensures that the broader community has the ability to get involved in the decision-making process.

Perhaps one of the most important roles of Council in the overall development approval process is to ensure the continual link between public aspirations and the technical perspectives of the development proposal.

The higher-level plans (statutory and non-statutory) inform the rules and regulations for development that are outlined in the LUB. Council has a role in establishing the policy and regulatory framework that outlines the parameters for development. Development parameters are then enforced through staff's application of the rules in the subdivision and permitting processes, which move projects from conception to construction.

Council's decisions are not infallible. The MGA outlines opportunities for the public and/or the applicant to appeal a decision of Council on planning and development issues if there is a perception that Council has:

- not adhered to its statutory planning documents;

- misinterpreted the LUB; or

- failed to properly engage the public and/or stakeholders.

The Subdivision and Development Appeals Board (SDAB) is the local body that deals with development appeals. The SDAB hears appeals regarding decisions on development permits, stop orders, and subdivisions. An SDAB provides a means for interested parties to appeal:

- a decision of a development authority on a development application or any conditions of approval;

- a decision of a subdivision authority on a subdivision application or any conditions of approval; or,

- a development authority's decision to issue a stop order.

Depending on the impact of the proposed development, the appeal can be made to the Municipal Government Board (MGB) if the proposal involves provincial interests. To gain some perspective on the role of the SDAB, read the three hypothetical examples below.

Example 1: A land developer applies to create a subdivision, fulfills all of the requirements of the application and conforms to all of the statutory plans and regulations, but is turned down by the Subdivision Authority over negative public comments. The developer may appeal to the SDAB on the basis of a failure to regard statutory plans in the decision.

Example 2: A landowner applies for a Development Permit to open a permitted (though controversial) business in a commercial district. The application is approved, but applies conditions that would cost the owner a significant amount of money. The owner may appeal to the SDAB on the basis of excessive conditions that are not authorized by the Land Use Bylaw.

Example 3: A land developer has received a conditional subdivision approval and has proceeded with construction, assuming that all conditions had been met. The Development Authority has issued a Stop Order, stating that all conditions have not been met. The Developer may appeal to the SDAB on the grounds that she feels all conditions have been met.

Municipalities must maintain consistency in their decisions, focusing on the policies and direction provided in their higher-level statutory plans. It is important to avoid making decisions that are inconsistent with other community plans (i.e. focusing too much on the LUB as a plan versus the LUB as a tool).

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Apply My Knowledge

Refer to the scenario in the activity on page 79, which evaluates deviating from the Municipal Development Plan (MDP) to accommodate a short-term commercial use. Again, work with a partner or small group, but this time, discuss the merits and risks of rezoning any single parcel without understanding the overall implications or the long–term impacts of the decision. As part of your conversation, consider these questions.

- If the applicant applies for a rezoning of the individual parcel (or group of parcels) that fits the general direction of Council but contradicts the MDP, how should the application be evaluated?

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- Consider the decision options relative to short-term vs. long-term perspectives – i.e. does this help address immediate revenue shortfalls? Or does this contradict the long-term community vision that the public participated in developing?

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New in the MGA

The MGA has introduced new requirements for training that apply to all members of the SDAB, which will require that all participants (including the SDAB Clerk) must successfully complete training approved by the Minister before participating on the Board. This also requires the completion of a refresher training program every two years in order to remain eligible.

What Does This Mean in My World?

A place to write your own reflections and insights on how you might apply a concept or idea to your own municipal circumstances.

Module 5: Ensure Effective Collaboration

After completing this module, participants will be able to:

Appreciate the importance and benefits of collaborating, by:

- understanding true collaboration;
- identifying the characteristics of successful collaboration; and,
- determining the prerequisites of collaboration.

Identify the requirements for alleviating and resolving intermunicipal disputes.

Recognize the available tools for collaboration, specifically the:

- Intermunicipal Collaboration Framework (ICF);
- Intermunicipal Development Plan (IDP); and,
- Growth Management Board (GMB).

Build relationships with local organizations by:

- recognizing the municipal government impact on local economic development (LED);
- identifying characteristics of successful LED;
- expanding community leadership in LED; and,
- considering a Collective Impact Model.

The Importance and Benefits of Collaboration to Alberta Municipalities

Understanding True Collaboration

Collaboration and partnering are becoming more and more common among Alberta municipalities. Municipalities are faced with the reality of providing services to ensure communities remain safe and viable within the context of increasingly complex social systems. The resources available to provide municipal services, though, do not always keep pace with the need.

There are many examples of successful collaboration among municipalities in Alberta. In many cases, those that collaborate realize that working together to seek efficiencies and improve services can be more effective than trying to do everything on their own. Municipalities in Alberta typically collaborate in specific areas, such as the sharing of costs to deliver certain services, while maintaining independent governance structures. This type of collaboration supports municipal sustainability by reducing costs, while allowing for the maintenance of municipal autonomy, and is often a positive alternative to amalgamation and other more transformative options.

While the notion of regional collaboration is certainly reinforced through changes to the MGA, true collaboration cannot be achieved if it is solely designed around a legislated mandate or grant funding requirement. If you cannot collectively determine a reasonable answer to the question "Why do we want to collaborate?" then there are underlying issues that need to be addressed.

When it comes to collaboration, the focus is often on the desired outcomes or the specifics of the collaboration, ignoring the positive and/or negative aspects of the current relationship among the partners.

True collaboration expands the thought process to explore the concept of community expanding beyond municipal boundaries. Regardless of boundaries, citizens of different municipalities may still consider their community as a geographic area that spans multiple municipal boundaries. Encouraging that sense of community can make our municipalities more liveable and ultimately more attractive. A common partnership seen today is around shared fire services – reflecting a

collaborative approach among multiple municipalities that reinforces the protection of the entire community. If the overall goal is to effectively and efficiently serve citizens, then our mindset must shift from focusing on the municipality to focusing on the community. In Appendix 2, you will find a sample Emergency Aid Agreement between a Municipality and a First Nation that illustrates the concepts of true collaboration.

Reading & Resources

Moving toward a collaborative relationship implies a change from the status quo. Any time a change is introduced without understanding the concepts of change management, the likelihood of the proposed change succeeding is minimized.

We recommended this article: *Leading Change: Why Transformation Efforts Fail*, by John Kotter, published in the Harvard Business Review. For a copy of this article contact customerservice@harvardbusinessschool.org or call 800-988-0886.

Prerequisites of Collaboration

It is important to understand and evaluate the prerequisites necessary for collaboration.

The tendency can be to jump into a partnering arrangement before fully understanding whether the partners are ready to work together.

While collaboration is now required through the development of ICF and IDP, the following key prerequisites should be in place in order to help the collaboration succeed:

Our growth strategy seems to be working!

- **trust** — first and foremost, a sense of trust is essential to even begin discussing the notion of collaboration;

- **mutual understanding** — all partners must share an appreciation of each other's perspectives and priorities;

- **partnering disposition** — each partner needs to bring the right attitude to the table to make it work. While the ICF is required, collaborating because you want to rather than because you have to is likely to lead to greater success;

- **partnering capacity** — partners need to be aware of their respective capacities and abilities to integrate collaboration into their internal systems; and,

- **collaborative spirit** — all parties need to be committed to ensuring everyone will benefit from the collaborative efforts.

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Once all partners are ready to move forward with collaboration, it is time to establish and clarify the expectations. There are a number of factors that must be present for the collaboration to be sustainable, including:

- **shared goals** — all parties must share the same goals to obtain the commitment necessary for effective collaboration;

- **shared resources** — everyone has something to contribute, but because partners may have different levels of resources, sharing resources should be equitable, which is different from being equal;

- **shared control** — all parties must be equally empowered through the partnership rather than any individual partner being able to wield more power than others;

- **joint benefits** — all parties must feel that they are getting a return on their investment from the relationship; and,

- **acknowledged responsibilities** — effective collaboration requires the active engagement of all participants.

External Trends Influencing Collaboration

There are numerous external trends that can have a negative or positive impact on municipalities and can influence the need to collaborate, including:

- **government downloading** — transferring responsibilities to municipal governments without additional funding to carry them out.

- **fiscal prudence** — increasing pressure to avoid duplication of services;

- **strategic challenges** — issues and opportunities that extend beyond municipal boundaries;

- **service demands** — increasing demand for more programs and services;

- **lack of assessment base** — demographic or economic realities that cause people, business and industry to move away; and,

- **regionalization** — growing interest to pursue broader collaboration among local governments.

Internal Conditions Influencing Collaboration

Equally important are the internal conditions that foster an interest in collaboration, such as:

- **service capacity** — growing challenges to sustain current services in response to community needs;

- **fiscal capacity** — resources are insufficient to sustain or improve current levels of service independently;

- **knowledge capacity** — availability and access to specialized information or expertise;

- **political capacity** — to advocate for municipal or regional concerns, municipalities may need to work together or acquire each others' support; and,

- **strategic capacity** — some matters require collective action to either avoid negative outcomes, or pursue positive ones (for example, when it comes to economic development, municipalities may be in a better position to pitch their resources and benefits if they do it together).

Ultimately, potential partners must understand the strengths and weaknesses that come with collaboration and ask themselves if they are ready to partner.

Potential Challenges in Partnerships

There are many benefits that may be realized through collaboration, which may be short-term and associated with fulfilling a specific need, or continual and demonstrate a new way of providing services. While the benefits may be considerable, there are also circumstances that may need to be overcome to effectively pursue collaborative relationships. Potential challenges need to be recognized because, if left unresolved, they could derail the partnership. These may include:

- hidden agendas;

- personality clashes;

- high risks;

- loss of control;

- resistance to change;

- sense of obligation;

- loss of transparency; or

- poor communication.

Apply My Knowledge

The Council and Administration for the Town of X, the Village of Y, and the Municipal District of Z have all decided that it would be in their collective best interests if they pursue economic development efforts at a regional level.

Working with a partner or small group, establish a list of considerations that should be addressed at the beginning of the process of exploring this regional collaboration opportunity before jumping into any form of agreement. From your list, choose 2-3 of the most important considerations and discuss what makes these priorities so important.

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Intermunicipal Disputes

Even when municipal partners do their best to enter into successful collaborations, challenges may arise throughout the process that could require external support and expertise to resolve (e.g. a mediator). Also, collaboration does not always involve specific projects or initiatives being undertaken by two or more municipalities. It also includes ongoing or long-term planning by one community that may impact another.

The MGA is clear that municipalities must consult with other municipalities and indigenous communities who share their borders when developing statutory plans and land use bylaws.

Here's an example. When your municipality is establishing community plans or bylaws, part of the intermunicipal relationship requires that you consult with neighboring municipalities, First Nations and Metis communities. If any of them believe that your plan or bylaw has, or may have, a detrimental impact on their community, they may provide written notice to your municipality prior to the plan or bylaw's second reading.

When to Bring in a Mediator

If challenges arising from statutory planning or bylaw initiatives cannot be resolved between municipalities, they must consider mediation through a neutral party. A third-party mediator is in a better position to assist all parties to facilitate communication, identify the underlying issues and interests of the dispute, and help the parties negotiate a fair agreement.

If the parties are unable to come to an agreement through mediation, an appeal can be lodged with the Municipal Government Board (MGB). Any MGB appeal must indicate why mediation was not considered possible or outline the results of the unsuccessful mediation. Section 690 of the MGA requires the MGB to address whether the plan, bylaw, or amendment being appealed is detrimental to the municipality that filed the appeal. The MGB is discussed in more detail below.

Emerging Tools for Regional Collaboration and Intermunicipal Planning

So far in this section, we've discussed the reasons for collaborating that go beyond the mandated requirements in the MGA. But what about the mandated requirements around collaboration?

Intermunicipal Collaboration Framework (ICF)

The Intermunicipal Collaboration Framework (ICF) is a new requirement under Part 17.2 of the MGA and it applies to all municipalities with a contiguous (adjacent) boundary.

Whether I am within or without the municipal boundary is immaterial! I do not wish to be eaten for lunch!

The intent of the ICF is to establish a framework for two or more municipalities that:

- provides for the integrated and strategic planning, delivery, and funding of intermunicipal services;

- stewards scarce resources efficiently; and

- ensures municipalities contribute funding toward services that benefit their citizens.

While ICFs are required for all municipalities with contiguous boundaries, group ICFs are an option as well. A group ICF may, for example, be used between a rural municipality and four urban municipalities with which it shares a border. Municipalities may also enter into an ICF with First Nations communities on a voluntary basis.

The ICF must explore how services are currently being provided and how they would be best provided, whether individually by each municipality, through intermunicipal collaborations, or by a third party.

For services that are deemed best provided intermunicipally, the ICF must consider:

- which municipality will lead the delivery of services;

- how the services will be funded;

- the process to discontinue the existing service in one of the municipalities; and

- the timeframe for implementing the new service.

In creating an ICF, the municipalities have a duty to act in good faith, which requires open and honest communication and having legitimate regard for each others' interests in the pursuit of joint benefits.

Arbitration

The ICF is designed for the partners to come to some form of agreement within two years of the adoption of the new MGA. If they are not able to establish the ICF through agreement within that timeframe, the process is finalized through arbitration. Municipalities may choose an arbitrator that all parties agree to. If they cannot agree on an arbitrator, the Minister of Municipal Affairs will appoint one for them.

The role of the Arbitrator is to create the framework for the municipalities, based on reports submitted by each municipality that outlines why they were unable to come to an agreement.

For resources and more information on creating ICFs, contact AUMA or AAMDC.]

New in the MGA

Changes to the MGA have introduced arbitration as an option to complete an Intermunicipal Collaboration Framework (ICF). The costs of arbitration are paid on a proportional basis by the municipalities. Proportions are determined by dividing the amount of each municipality's equalized assessment by the sum of the equalized assessments of all municipalities.

Intermunicipal Development Plan (IDP)

The ICF represents a new model for intermunicipal collaboration, focused around rethinking the delivery of community services. The Intermunicipal Development Plan (IDP), while only recently mandated for all municipalities, is a more familiar tool that has been used in the past by many municipalities throughout the Province.

The MGA introduces new requirements for the IDP, but the focus largely remains on addressing land use around shared boundaries. As part of the changes to Part 17 and the introduction of the Intermunicipal Collaboration section in the MGA, the IDP is now required for all municipalities that share a boundary.

IDPs must be incorporated as part of the ICF. Based on the updates to the legislation, an IDP is required to address:

- future land use;
- a process for addressing future development within the defined plan area;
- transportation systems;
- intermunicipal infrastructure;
- intermunicipal programs and services; and
- environmental matters, where municipalities have a shared influence.

Growth Management Board

While the ICF and IDP are the tools that will be used by the largest percentage of municipalities in the Province, the introduction of the required Growth Management Boards (GMB) in and around Edmonton and Calgary have introduced sub-regional planning to the Province's largest metropolitan areas.

Changes to the MGA have established a mandate for the continued implementation of a GMB in the Edmonton Region and the establishment of a new GMB in the Calgary Region. The requirements are a reflection the unique challenges that come with complex, interconnected, urbanizing areas.

Beyond the mandate for these two metropolitan areas, the MGA enables two or more municipalities to voluntarily initiate a GMB. The GMB is intended to provide for integrated and strategic planning for future growth in municipalities through a growth plan prepared for the region.

GMBs are required to adopt regional growth plans that act as an overarching plan for the region and all of the individual municipalities. Municipalities that are part of a GMB are exempt from the legislative requirements of developing an IDP and ICF. However, municipalities within a GMB are still required to prepare an ICF and IDP with all municipalities they share a border with that are not members of the GMB.

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Apply My Knowledge

The Town of Somewhere, Alberta has been experiencing considerable population growth over the last decade. The Town is a regional employer, commercial centre, and recreation hub for the adjacent municipal district, four other towns, and three nearby summer villages.

Somewhere has limited vacant land necessary to support the anticipated growth that is expected to continue. New businesses have begun locating here and a new school has just been built.

The adjacent municipal district has a strong agricultural identity and an active agricultural industry with a considerable amount of prime agricultural land surrounding Somewhere.

With a partner, or small group, consider the scenario above – specifically the local context and the stated requirements for an ICF/IDP. Discuss and record how you might:

- outline and understand the different perspectives at the table;

- assess the key points of agreement;

- identify the potential areas of conflict; and

- establish a regional mindset to explore areas of compromise from the different perspectives.

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Building Relationships with Local Businesses and Non-Profits

In discussing collaboration thus far, we've focused on the relationship between municipalities and adjacent communities. As part of establishing a community-based mindset, it is important to expand the thinking to include how the municipal government can collaborate with other sectors of the community.

The Municipal Government's Impact on Local Economic Development (LED)

The central role of local government as an agent for service delivery brings it into close contact with all aspects of the community, including the private and non-profit sectors. These sectors provide jobs, services and products that strengthen the local economy, reduce poverty, and enhance quality of life.

Increasingly, organizations are making decisions to locate their operations based on local conditions that reflect an emphasis on quality of life, which in turn attracts the labour force the businesses are seeking. Historically, municipalities have competed around incentives (e.g. free land, reduced taxes, or no taxes for defined timeframes), which establishes a commodity-based perspective on economic development. This individualized approach contributes to homogenous communities focused on municipally-driven industrial parks that fail to recognize the importance of establishing a differentiation or local advantage. Competing solely on land and incentives creates a "race to the bottom" effect. If the incentives to locate are too big, then the new development may end up having a negative impact on the municipality if there has not been enough revenue generated to deal with the long-term infrastructure management needs.

As municipal governments and private/public sector organizations work together, they can achieve mutual objectives that reflect the interdependencies among the environmental, social and economic drivers of the community. When dealing with economic development, we tend to focus excessively on business development and attraction without exploring how the social factors (like schools, community groups and organizations, healthcare and facilities) and environmental factors (like natural and open spaces, presence or absence of trees, or culture of conservation) contribute to the attractiveness of existing or potential businesses.

For the last time - LED is Local Economic Development and has nothing to do with Christmas Lights at City Hall!

Reading & Resources

Reading Resource: "The Evolution of LED in Canada", Federation of Canadian Municipalities (FCM) Policy Brief, written by Wayne Robert and Ted Treller.

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Municipal government is the key actor in relationships with the private and non-profit sectors when it comes to:

- establishing local governance frameworks and practices that support organizations;
- managing and administering the local business environment; and
- purchasing and delivering goods and services.

Characteristics of Successful LED

Successful local economic development (LED) efforts are characterized by a number of factors, such as:

1. The economic realities of the 21st century;
   - global economy and global markets
   - rapid pace of change and innovation
   - need to be competitive
   - local government and the private sector partnerships
2. The need to represent broader stakeholder interests;
3. Well-defined objectives and activities that yield measurable outputs, outcomes, and impacts (value for money);
4. Proactivity and responsiveness to community needs (not political agendas); and
5. A long-term focus.

Municipalities that undertake LED activities are using a number of innovative strategies, including:

- organizing more formalized efforts where none may have previously existed;
- engaging in advocacy and relationship building with other orders of government;
- developing new economic development strategies or refining existing ones based on new economic realities and pursuing collaborative relationships; and
- working at leveraging funds to be more self-sufficient in undertaking LED activities in their regions

Community Leadership in Economic Development

The traditional notion of economic development has evolved to incorporate broader community objectives that cannot be addressed by the local government on its own. The increasing complexity of community challenges requires a new mindset, one that embraces a multi-sector approach to developing local, context-sensitive solutions. Local government has the potential to coordinate local actors and to ensure equity in service provision, economic development, and participatory governance.

As local governments interact directly with other public service agencies and voluntary organizations, they are able to facilitate multi-stakeholder, participatory planning efforts to diversify LED initiatives. Municipalities are in a position to enable partnerships and networks to bring together diverse groups of formal and informal organizations, not-for-profit agencies, associations, institutions, and governments to serve local small businesses and entrepreneurs.

Within the pursuit of broader collaboration in the community, the local government also has the ability to improve how it engages with citizens. While the MGA now requires local governments to establish a public participation policy, it does not mandate how local governments must engage the public.
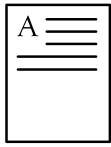
> ### Glossary
>
> **Collective Impact**
>
> A framework to tackle complex community challenges. It requires a centralized infrastructure and facilitates a structured approach to collaboration in which participating organizations from different sectors abandon their own agendas in favour of seeking win-win solutions through a common agenda, shared measurement, and alignment of effort.

Community leadership has also begun to expand beyond local government. More and more, core collaborators are establishing leadership groups to drive the planning and engagement that is fundamental to the sustainability of the community. The leadership group should be:

- comprised of **decision makers** relevant to the issues in the community; and

- **cross-sectoral**, meaning it should have people drawn from different parts of the community such as government, business, philanthropy, non-profits, and citizens.

Collective Impact Model

Broader community leadership has given rise to the notion of "collective impact", which has become a framework to tackle complex community challenges. It is an innovative and structured approach to making collaboration work across government, business, philanthropy, non-profit organizations and citizens to achieve significant and lasting social change.

The collective impact approach is premised on the belief that no single policy, government department, organization, or program can tackle or solve the increasingly complex social problems we face.

Unlike collaboration or partnership, collective impact initiatives have a centralized organizational infrastructure, known as a "backbone organization," with dedicated participants whose role is to help community organizations shift from acting alone to acting together.

The concept of collective impact is built around five key elements. They are not designed as a simple or linear five-step process to transformative change. Rather, the five elements reflect that the "business as usual" approach is no longer effective and a new, collaborative mindset is necessary to ensure that all of the assets and resources of the community are harnessed toward the change efforts.

Five Collective Impact Elements

1. All participants have a common agenda for change including a shared understanding of the problem and a joint approach to solving it.

2. Collecting data and measuring results consistently across all the participants ensures shared measurement for alignment and accountability.

3. There is a plan of action that outlines and coordinates mutually reinforcing activities for each participant.

4. Open and continuous communication is happening across the many players to build trust, assure mutual objectives, and create common motivation.

5. There is a backbone organization built around skills that serves the entire initiative and coordinate participating organizations and agencies.

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The Olds Institute is an operating example of what a collective impact approach can look like within the context of regional economic development, ensuring the local government is a key partner. See Appendix 1 Olds Insitute: Building a Strong Sense of Community for a more detailed look at Olds Institute's Collective Impact approach.

The Village of Delburne has also been engaged at different levels in establishing this type of framework to explore a shared approach to community development.
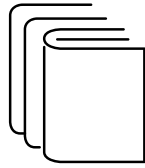
Reading & Resources

"Collective Impact", John Kania and Mark Kramer, Stanford Social Innovation Review, Winter 2011.

What Does This Mean in My World?

A place to write your own reflections and insights on how you might apply a concept or idea to your own municipal circumstances.

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Appendix 1: Olds Institute

OLDS INSTITUTE:
BUILDING A STRONG SENSE OF COMMUNITY

How it all Began

Olds is a progressive town where an energetic and entrepreneurial spirit abounds. Known as one of the most innovative communities In Canada, Olds is a thriving place where business and community connections are constantly growing and evolving—in part thanks to the stewardship of The Olds Institute.

The Olds Institute began when in 2001 a group of community leaders realized they could do more for the community if they worked together rather than as separate entities. They recognized that engaging citizens, business and government would build a strong sense of community and be the platform for sustainable prosperity.

The Institute was formed as a non-profit by its four founding partners, The Olds Regional Exhibition, The Olds and District Chamber of Commerce, Olds College, and the Town of Olds. It was built on the philosophy that economic development should be driven by the community and for the community. It is a grassroots group rooted in the notion that a vibrant community is one that allows for collaboration between business, government and citizens—a place shaped by the people who live and work in it. This philosophy has led to a highly connected and engaged group of citizens who take ownership over building the kind of community they want.

The Olds Institute is guided by the core values of collaboration, sustainability and citizenship. It has committed to engaging the community in a dialogue around a collective sustainable future. During the early initiation of the Institute a series of community engagement events were undertaken that invited the community to participate in establishing priorities and to build an environment of trust and collaboration between the Institute and the public.

The Institute is a community owned and volunteer driven organization all about ensuring Olds is economically vibrant and reaches its full potential as a dynamic and modern community. Volunteers dedicate their time through a committee structure that includes a Board of Directors and a series of eleven Pillar Committees focused on contributing to individual areas of sustainable community development.

A key element of the Institute's framework is a cross-sector level of collaboration that celebrates shared values. The organization is committed to financial sustainability, which it achieves by establishing sources of income that give it the freedom to initiate, support and follow through on sustainable community development projects.

"We do not wait and wonder what life would be like if opportunity presented itself. The Olds Institute empowers the community to make good things happen."

The Institute's work is led by six outcome statements:

1. Vibrant cultural scene
2. Strong economy
3. Healthy environment
4. Good governance
5. Strong social network
6. Diverse revenue streams

Improved Community Outcomes

The Institute took a social return on investment (SROI) approach to improving community outcomes. The approach is based on creating revenue generating businesses where 100% of profits are put back into the community, focused on sustainable community development projects and improving quality of life in Olds.

The SROI approach allows the Institute to account for the wider impact of its work and establishes a process to make more informed decisions and understanding how they contribute to community sustainability outcomes. Through the SROI approach and an ongoing dialogue with the community, the Institute seeks to include the values of people, which are often excluded from a traditional evaluation approach, and give them a voice in making important decisions.

Through a focus on SROI, the Institute has formed the following Social Enterprises to establish catalysts for community investment:

Mountain View Power:

Founded in 2010 as a community sustainability initiative, MVP is a competitive electricity retailer servicing residential, farming and small commercial customers located in Mountain View County.

O-Net:

O-Net is Canada's first community owned and operated Fibre-to-the-Premises network, providing TV, high-speed internet and phone services to the Community. Spawned in 2004 from a desire to build a connected community, the Olds Institute began construction of the fibre-optic network in 2011, providing every resident the opportunity to access technology.

Opportunity Olds:

Opportunity Olds seeks local capital for investment in local projects that provide a financial return on investment for the investor as well as community development benefits. This venture enables sustainable, investment relationships that focus on keeping investment dollars in the community to decrease the dependence on government funding and build a balance between investor expectations and community good.

Lessons Learned

"Change is not an event. It is a process of changing and through the process, solutions will emerge."

The journey of the Institute is ever-evolving with many lessons learned along the way. One of the early understandings was that the first ingredient in forming a structure such as the Institute is a passionate desire for change. The community needed to decide that it wished to evolve beyond the traditional approach to local governance and community development and to create something new and unique. In order to achieve better results and true sustainable community development, the people needed to understand that they have to take a greater responsibility for achieving a sustainable future and that government is simply a partner at the table, not the lone agent of change and development.

The Institute is fertile ground for cross-sectoral relationships and plays the role of facilitator for community participation. Efforts are not solely driven by the local government and are demonstrably based on partnerships that focus on the best interests of the community. While the Town is an important stakeholder, they remain an equal partner in the combined efforts to provide a greater sense of unity and purpose to the organization, establish and build trust with the citizenship and ensure that it is a community-wide initiative. It has been a key learning that in order to manage communities differently, having a structure such as the Institute is critical. It becomes a stable base where passionate people can unite and build relationships and community.

The establishment of the Olds Strategic Sustainability Plan was also an important step that provided the community a sense of ownership because of the extensive level of engagement involved in the process. This direction provided a real conduit between Council and the Community and vice versa, enhancing support for the Olds Institute. Decisions, ideas and thoughts grew from the community and they led to real outcomes as opposed to a generic document that put decision-making power in the hands of few. It has been critical to develop a culture of encouragement where the community is viewed as a valuable partner and where many voices are welcome at the table and solutions are truly collaborative. Dialogue, discussion and partnerships are continually nurtured and celebrated.

Challenges

Because of the success of the Pillar Committees, questions have emerged concerning the evolving role of the Board. The number and diversity of committees has grown and the increasing challenge is keeping each of the working groups connected with what they are working on, as well as broader community goals and successes, due to the challenge of communicating efficiently among the committees.

As the communication challenges arise within the committee structure, there seems to be a growing concern around ensuring that the community is aware of and understands the achievements of the Institute. As the role of the Institute expands and the Town continues to grow the increasing challenge will be collectively celebrating successes and incorporating new people into the Institute and the sustainable community development efforts.

There is a need to continually focus on the existing and emerging assets within the expanding community as part of the ongoing recruitment process to strengthen the volunteer base while continuing to search for a governance model that can lead to better public participation and engagement.
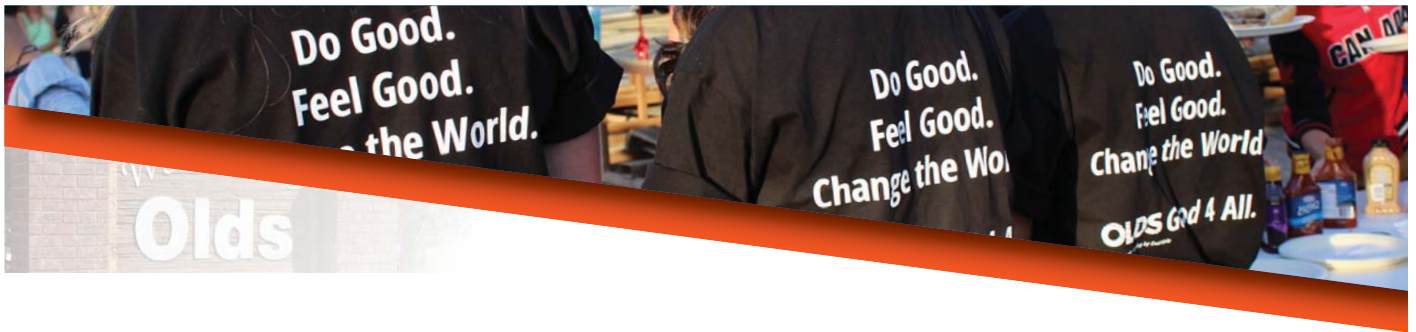
Looking to the Future

As the Institute continues to grow and evolve, there is an increasing sense of community belonging as the sense of citizen responsibility grows. That being understood, there is a growing sense around what's next for the Institute and how do they work toward the next level of innovation.

In considering the challenges, how does the Institute expand their collective impact efforts through a more formal "Backbone Organization" that takes the form of the Olds Institute Board of Directors? Much of the collective impact structure is already in place through the use of the Pillar Communities but what seems to be lacking is a shared understanding of what success looks like, ensuring that each of the committees has a "big picture" understanding of what they are trying to achieve.

Entrenching the Board as the Backbone will create a centralized level of vision and oversight that can then be decentralized through multiple working groups who are all focused on finding different levers for change, ensuring that the flow of information goes both ways. This approach could serve to enhance levels of collaboration and increase the transparency among each of the Committee's and between the Committee's and the community.

In Closing

The Institute is proud of achieving better results for the community by actively encouraging collaboration and creating custom solutions based on the needs of Olds. Adaptation, evolution and finding new ways of doing things are all part of the ongoing journey of this innovative group and things will continue to shift, change and develop according to the needs of the community.

While there are a number of opportunities for creating social impact and contributing toward sustainable community development beyond traditional approaches, the identification, evaluation and pursuit of these opportunities requires a local perspective based on the unique circumstances present in the community. Olds is a community run by the people and for the people—this exciting and collaborative style of progress makes Olds a special and highly desirable place to live, work and raise a family.

Appendix 2: Mutual Emergency Aid Agreement Sample

MUTUAL EMERGENCY AID AGREEMENT

THIS AGREEMENT made the _____ day of _____, 20____.

BETWEEN:

_____ **FIRST NATION**

(Hereinafter referred to as the "Band")

OF THE FIRST PART

AND:

"MUNICIPALITY" A Municipal Corporation

(Hereinafter referred to as the ""MUNICIPALITY"")

OF THE SECOND PART

WHEREAS the Band and the "MUNICIPALITY" are neighbouring jurisdictions that border each other;

AND WHEREAS the Band and the "MUNICIPALITY" provide limited Emergency Services within their respective boundaries;

AND WHEREAS it is desirable that at various times the Emergency Services of one party assist the Emergency Services of the other party;

AND WHEREAS the *Municipal Government Act,* R.S.A. 2000, c. M-26, as amended, authorizes the "MUNICIPALITY" to enter into agreements with other persons or governments for the joint provision of Emergency Services;

AND WHEREAS the Band has the full right of possession of those reserve lands known as the **[insert name of reserve]** as outlined in red on Schedule "A" attached hereto ("the Band Lands");

AND WHEREAS the Council of the "MUNICIPALITY" has passed a bylaw authorizing an agreement between Bands and the "MUNICIPALITY" for the provision of Emergency Services, a certified true copy of which "MUNICIPALITY" Council Bylaw is attached hereto as Schedule "B"; and

AND WHEREAS the parties wish to enter into an Agreement to formalize their rights and obligations for the supply of such Emergency Services;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the premises, covenants, and agreements herein contained, the parties covenant and agree as follows:

1.   In this Agreement, the following words and expressions have the meanings herein set forth:

   (a)   "Apparatus" means any vehicle operated by the Emergency Service whether that vehicle is operated on land, water, or in the air, which is provided with machinery, devices, Equipment, or materials for fire fighting or used to transport fire fighters of supplies;

   (b)   "Assistance" means the provision of emergency services available to the Requesting Party from a Supplying Party pursuant to this Agreement;

   (c)   "Authorized Representative" means any one of:

(i)   Chief Elected Officer or Chief Administrative Officer as the case may be;

(ii)   Emergency Service Manager or his/her designate as defined in "MUNICIPALITY" Bylaw No. _____/Band Councillor;

(d) "Claims" means any and all manner of action and actions, cause and causes of action, suits, debts, dues, sums of money, general damages, special damages, interests, costs; fees (including legal fees on a solicitor-and-his-own-client basis), claims and demands of every nature and kind at law or in equity or under any statute which any party has, had, or shall have directly or indirectly;

(e) "Equipment" means fire fighting vehicles, equipment, tools and Apparatus which are in the possession of a Supplying Party;

(f) "Fire Chief" means the senior fire chief, howsoever named, "municipality", or his/her designate and any Fire Chief of an industrial or privately owned fire service, when that service is operating on behalf of "MUNICIPALITY", as may be determined or arranged by the Emergency Services Manager from time to time;

(g) "Emergency Services" means those emergency services delivered by an Emergency Service and authorized by the Council of the municipal party delivering that service. Emergency Services may include, but not limited to, fire prevention, fire suppression, pre-emergency planning, rescue, or any other emergency services to extinguish, suppress, or otherwise prevent the spread of fire or to mitigate an Incident or other emergency, real or perceived, upon Band Lands to which the Emergency Service has responded;

(h) "Force Majeure" means any cause not within the reasonable control of the Supplying Emergency Service including, without limitation, the inability to assemble sufficient volunteer personnel to adequately respond to a call for assistance, interruption of telecommunications, gas, electric or other utility service, acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, earthquakes, emergencies, lightning, storms, floods, high water, washouts, inclement weather, orders or acts of military authorities, civil disturbances, and explosions;

(i)   "Incident" means a fire or a situation where a fire or explosion is imminent, a medical emergency, a dangerous goods release or spill or any other situation (real or perceived) presenting a danger or possible danger to life, health, property, or the environment and to which the Fire and Emergency Services Authority has responded.

2.   Conditions Precedent

(a)   The elected Council of the Band shall cause a quorum of Chief and Council to pass a Band Council Resolution at a duly convened meeting pursuant to the *Indian Act* to authorize the Band Council to enter into this Agreement and to observe and enforce all of the obligations and duties hereunder;

(b)   The elected Council of the Band shall enact and cause to come into force a Fire and Emergency Services bylaw in accordance with the provisions of the *Indian Act* providing to the Band's Fire and Emergency Services and to its mutual assistance partners and the same powers and authorities on the Band Land as those provided by the Band to the Band's Emergency Services within its jurisdiction as evidenced by the Fire and Emergency Services Bylaw # **[or insert the name of the Fire and Emergency Services bylaw and number]**, which is attached hereto as Schedule "B" to this Agreement;

(c)   The Band agrees that its Fire and Emergency Bylaw will empower the "MUNICIPALITY" Emergency Service to operate emergency vehicles using red warning lights and sirens on Band Lands according to the provisions of the *Traffic Safety Act of Alberta* and its regulations or any successor Alberta Legislation;

(d)   The elected Council of the Band shall cause their insurer to forward to the "MUNICIPALITY" a letter indicating there is liability coverage in place in a form and quality acceptable to the "MUNICIPALITY", and, in any event, maintain comprehensive general liability insurance including coverage relating to the provision of Emergency Services, of not less than two million ($2,000,000.00) dollars per occurrence;

(e)   The elected Council of the "MUNICIPALITY" shall cause their insurer to forward to the Band a letter indicating there is liability insurance coverage in place in a form and quantity acceptable to the Band, and, in any event, maintain comprehensive general liability insurance including coverage relating to the provision of Emergency Services, of not less than two million ($2,000,000.00) dollars per occurrence.

3. It is mutually agreed that the terms and conditions of this Agreement shall be effective from the date this Agreement is made, as stated above, and this Agreement shall remain in force until terminated upon thirty (30) days written notice, subject to review annually by the "MUNICIPALITY" of the fee payments to be made by the Band pursuant to Section 22.

4. Either party may terminate this Agreement by giving written notice sent by registered mail of the intention to terminate one hundred and twenty (120) [**optional amount**] days prior to the specified date of termination.

5. Each party shall indemnify and save harmless the other, its employees, agents, and contractors, including without limiting the generality of the foregoing, the respective Emergency Service, its Members, employees, agents, and contractors from and against any and all claims, demands, losses, costs, damages, actions, suits and proceedings, including legal costs of the other on a solicitor and client basis, arising or resulting from any act or omission of the other, its employees, agents or contractors, including without limiting the generality of the foregoing, the respective Emergency Service, its Members, employees, agents, and contractors under this Agreement.

6. The parties agree to treat as confidential, during and after the performance of the work, any information regarding the affairs of the other to which they may become privy as a result of the provision of the Emergency Services under this Agreement except where any applicable Federal or Provincial statute or regulation requires the release of the information. This clause shall survive the present Agreement even it is annulled, in part or in whole, or even it is terminated or any other reason.

7. All "MUNICIPALITY" Emergency Service fire fighters and any other persons authorized by the "MUNICIPALITY" Emergency Service may enter upon Band Lands at any time to carry out the purposes of this Agreement.

8. The parties shall not be responsible for fire inspection and fire investigation services within the other parties' jurisdiction expect as may be agreed to, in writing, by the parties from time to time.

9. In the event the parties agree to expand the scope of services pursuant to paragraph, the Band agrees to enact a Bylaw authorizing the operation and enforcement of the provisions of the *Safety Codes Act of Alberta* and its Regulations, as amended, which are related to the Emergency discipline, including the *Alberta Fire Code*, and providing for the application and enforcement of this legislation on the Band Lands. The Band also agrees that where it considers it appropriate to do so, it may enhance the minimum standards regarding the Emergency discipline set out under the *Safety Codes Act of Alberta* and its Regulations, including the *Alberta Fire Code,* by further amending the Bylaw. All such Bylaws must, upon their passage, be immediately provided to the "MUNICIPALITY" and to the Fire Chief.

10. The Band agrees that it will cause its Fire and Emergency Bylaw to empower the "MUNICIPALITY" Emergency Service or its Fire Chief to enter without a warrant, or cause any Member of the "MUNICIPALITY" Emergency Service to enter, any structure including a private dwelling house which is involved in an Incident for the purpose of discharging his duties under this Agreement, or any amendment thereto pursuant to paragraph 6.

11. From the effective date of this Agreement, any party hereto (herein called the "Requesting Emergency Service") may request the other party (herein called the "Supplying Emergency Service") to provide Assistance to the Requesting Emergency Service.

12. Each party shall be responsible for receiving emergency calls from the public within their respective boundaries.

13. Requests for Assistance shall be directed to the Fire Chief of a Supplying Emergency Service, and such requests for assistance shall be directed as follows:

    (a) In the case of a request to the Band:

        [Insert the name of the Fire Chief and Designate and contact numbers]

    (b) In the case of a request of the "MUNICIPALITY":

        [Insert the name of Fire Chief and Designate and contact numbers]

14. Notwithstanding section 13 above, a Requesting Emergency Service may, where the contact person listed cannot be reached, contact the Authorized Representative of the Supplying Emergency Service by whatever means are expedient.

15. Where a request for Assistance is received from someone other than the Requesting Emergency Service's Authorized Representative, the Supplying Emergency Service shall confirm the request with the Requesting Emergency Service's Authorized Representative before providing Assistance.

16. The Supplying Emergency Service shall provide services when requested and available, in all months of the year during the currency of this Agreement, subject to the understanding that the Emergency Service shall not be obligated to provide such services where:

    (a)   The Emergency Service whose assistance is requested is already engaged at an Incident; or

    (b)   The Emergency Service, in the opinion of the Fire Chief, is unable to mount a safe response due to a shortage of staff, an equipment failure, or dangerous road travel or weather conditions.

17. An Emergency Service providing mutual assistance under this Agreement may leave the Incident where a subsequent Incident involving a threat to human life has arisen in their home jurisdiction, providing the Incident they are leaving does not involve a known threat to human life.

18. A Supplying Emergency Service may, even after commencement of providing Assistance, withdraw Assistance in accordance with this Agreement and shall not be liable to the Requesting Emergency Service for any damages, compensation, or indemnity arising out of the withdrawal of Assistance.

19. When assistance is provided to an Incident, the Supplying Emergency Service will operate within the framework of the Command System and standard operating guidelines of the Requesting Emergency Service. The parties hereto agree to adopt the same or similar Command procedures to facilitate the effectiveness of this provision.

20. The Supplying Emergency Service shall not be liable to the Requesting Emergency Service for any failure of or delay in the performance of its obligations hereunder nor be deemed to be in breach of this Agreement, if such failure or delay has arisen from Force Majeure.

21. Where the Supplying Emergency Service is prevented from carrying out its obligations hereunder due to Force Majeure, the Supplying Emergency Service shall, as soon as possible, give notice of the occurrence of such Force Majeure to the Requesting Emergency Service, and the Supplying Emergency Service shall thereupon be excused from the performance of such obligations for the period of time directly attributable to the effect of the Force Majeure.

22. The Requesting Emergency Service does hereby remise, release, and forever discharge the Supplying Emergency Service, its officials, employees, servants, agents, insurers, successors, and assigns of and from all Claims which the Requesting Emergency Service

may have against the Supplying Emergency Service arising out of the provision of Assistance excepting where such Claims result from the negligence or wilful misconduct of the Supplying Emergency Service, its officials, employees, servants, successors, or assigns.

23.   The Requesting Emergency Service shall indemnify and save harmless the Supplying Emergency Service from any and all Claims brought by any party which is not a party to this Agreement arising out of or in any way related to the proper discharge of the obligations of the Supplying Emergency Service excepting where such Claims result from the negligence or wilful misconduct of the Supplying Emergency Service, its officials, employees, servants, successors, or assigns.

24.   Where a call is received or confirmed by the Requesting Emergency Service's Fire Chief or Authorized Representative, as the case may be, and Supplying Emergency Service provides Assistance, the Requesting Emergency Service shall compensate the Supplying Emergency Service for all applicable labour and Equipment as follows:

RESPONSE FEE: [optional amounts]

Pumper Unit	$300.00 per hour
Ladder Unit	$300.00 per hour
Tanker Unit	$300.00 per hour
Rescue Unit	$300.00 per hour
Command Unit	$150.00 per hour
Consumable items	Cost plus 15%

MANPOWER FEE:

Officers/fire fighters	$25.00 per man hour

(a)   All other reasonable costs incurred by the Supplying Emergency Service, including but not limited to, specialized fire fighting material, and repair or replacement to the Supplying Emergency Service's Equipment, excluding repair

or damage incurred as a result of ordinary wear or tear or incurred as a result of the Supplying Emergency Service's negligence or wilful misconduct of a Supplying Emergency Service, its officials, employees, servants, successors, or assigns;

(b)   For the purposes of this Agreement, the first hour shall be deemed to commence upon the Supplying Emergency Service's Fire Chief or Authorized Representative, as the case may be, directing that the Supplying Emergency Services' fire fighters and Equipment respond to the request for Assistance, and the time, to a maximum of one hour shall continue until such time as the Equipment has returned to and been fully serviced, cleaned, and maintained in the normal standard of the Supplying Emergency Service, at the fire station from where it left. However, the Requesting Emergency Service shall not be liable for any charges of time where the Equipment of the Supplying Emergency Service was incapacitated due to any mechanical breakdown;

(c)   All such charges are due and payable by the Requesting Emergency Service thirty (30) **[optional]** days from the Requesting Emergency Service's receipt of the invoice for such charges.

25.   Excepting requests for Assistance, all notices, communication and statements (the "Notice") required or permitted hereunder shall be in writing.

(a)   For all purposes of or incidental to this Agreement, any notice required to be given hereunder by any party shall be in writing and the addresses for notice shall be deemed to be:

(i)   Band:

Chief _____

_____ Band

_____ (address)

_____, Alberta

_____ (postal code)

(ii)   "MUNICIPALITY"

Emergency Services Manager

"MUNICIPALITY"

_____ (address)

_____, Alberta

_____ (postal code)

(b)   Any notice delivered shall be deemed to have been received on the date of delivery. Any notice mailed shall be deemed to have been received seventy-two (72) hours after the date it is postmarked. In the event of a postal interruption after the notice has been sent, the notice will not be deemed to be received until actually received. In the event normal mail service is impaired at the time of sending the notice, then personal delivery only shall be effective.

26.   Each party shall, during the currency of this Agreement:

(a)   Maintain all requisite Federal, Provincial and Municipal licenses, permits and approvals for all services contemplated pursuant to this Agreement;

(b)   Maintain and keep its Emergency Service Apparatus and Equipment in good repair, train its Members, and respond to Incidents in accordance with those generally accepted industry standards which apply to an Emergency Service reasonably similar in size and maintain in good working order:

(i)   At least one fire truck and the equipment listed in Schedule "C".

(ii)   The parties to this Agreement shall notify the other party of any change to Schedule "C " within thirty (30) days of purchase of new equipment or in any event prior to commissioning, and in the event the equipment is out of service for longer than forty-eight (48) hours.

(c)   Maintain or obtain coverage for its fire fighters pursuant to the *Worker's Compensation Act of Alberta*, and ensure such coverage is in good standing at all material times to this Agreement. For greater certainty, each party shall remit premiums to the Worker's Compensation Board as required by the said Act;

(d)   Provide the other party with a list of its Fire Chief's Authorized Representatives, and their applicable telephone numbers, and any changes to the list and telephone numbers; and

(e)   Provide a system of maps, suitable to the other party's Fire Chief, indicating access roads and water sources and highlighting locations of existing public buildings such as the community hall, schools, and other public assemblies, as well as any other special features or landmarks on the party's home jurisdiction. The parties shall forward to the Fire Chief of the other party the name of a representative who shall be responsible and authorized to provide this information to the Fire Chief. The mapping information referenced in this Section must be provided no later than fourteen (14) days after execution of this Agreement, and changes to the information must be provided within fourteen (14) days of the changes arising or so soon as the information becomes available.

27.   In the event of a dispute arising in this Agreement, the parties agree as follows:

(a)   Where a dispute occurs in the performance or interpretation of this Agreement, the party who raises a matter considered in dispute shall notify the other party of the matter in dispute, make recommendations for resolution of the matter in dispute, and state the reasons for any amendments considered necessary to resolve the matter.

(b)   Where a dispute is not satisfactorily resolved under the provisions this section, either party may refer the matter to arbitration. Arbitration may be commenced by a party providing written notice to the other party stating that a matter in dispute be referred to arbitration, and stating that the matter has not been resolved in a satisfactory manner. The parties shall attempt to appoint a mutually acceptable arbitrator within ten (10) business days of the said notice. In the event the parties are unable to agree on a single arbitrator, each party shall appoint an arbitrator within ten (10) business days thereafter, with notice of the selection of such arbitrator provided to the other party, and the two arbitrators together shall appoint a third arbitrator within twenty five (25) business days of the notice of arbitration. The dispute shall then be heard by the arbitrator or arbitration committee as the case may be within forty five (45) days of the notice of arbitration unless the time for hearing is extended by mutual agreement of the parties. The arbitrator or arbitration committee as the case may be shall render a decision within twenty (20) business days following the last day of hearing of the dispute. The provisions of the *Arbitration Act of Alberta*, as amended, shall apply to any arbitration undertaken pursuant to this Agreement. The parties agree that pending resolution of any matter in dispute, each of the parties shall continue to perform their respective obligations under this Agreement.

(c)   No consent or waiver, express or implied, by any party hereto to or of any breach or default by any other party hereto in the performance by the first party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of obligations hereunder by such party hereunder. Failure on the part of any party hereto to complain of any

act or failure to act of the first party or to declare the first party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder.

28.   This Agreement may be altered or amended in any of its provisions when any such changes are reduced to writing and signed by the parties hereto, but not otherwise.

29.   Paragraphs 5 and 6 survive the present Agreement even if it is annulled, in part or in whole, or even if it is terminated for any other reason.

30.   If any term, covenant, or condition of this Agreement or the application thereof to any party or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement or application of such term, covenant, or condition to a party or circumstance other than those to which it is held invalid or unenforceable shall not be affected thereby, and each remaining term, covenant, or condition of this Agreement shall be valid and shall be enforceable to the fullest extent permitted by law.

31.   This Agreement constitutes the entire agreement between the parties hereto relating to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations, and discussions, whether oral or written, or the parties and there are no general or specific warranties, representations, or other agreements by or among the parties in connection with the entering into of this Agreement or the subject matter hereof except as specifically set forth herein.

32.   This Agreement shall not be assignable by any party hereto to any other person, firm, or corporation without the prior written consent of all the other parties hereto.

IN WITNESS WHEREOF the parties hereto have set their seals and hands of their proper officers in that behalf on the day herein first above written.

ON BEHALF OF _____ FIRST NATION

_____
Chief

_____
Witness/Seal

ON BEHALF OF THE "MUNICIPALITY"

_____
Signature

_____
Witness/Seal

THE BAND LANDS

(Please attach map outlined in red detailing description

and geographical outline of the Band Lands)

"MUNICIPALITY" COUNCIL FIRE AND EMERGENCY SERVICES

BYLAW NO. _____.

SCHEDULE "C"

EQUIPMEN