RMA ICF Member Resource

November 2026



RMA
RURAL MUNICIPALITIES of ALBERTA

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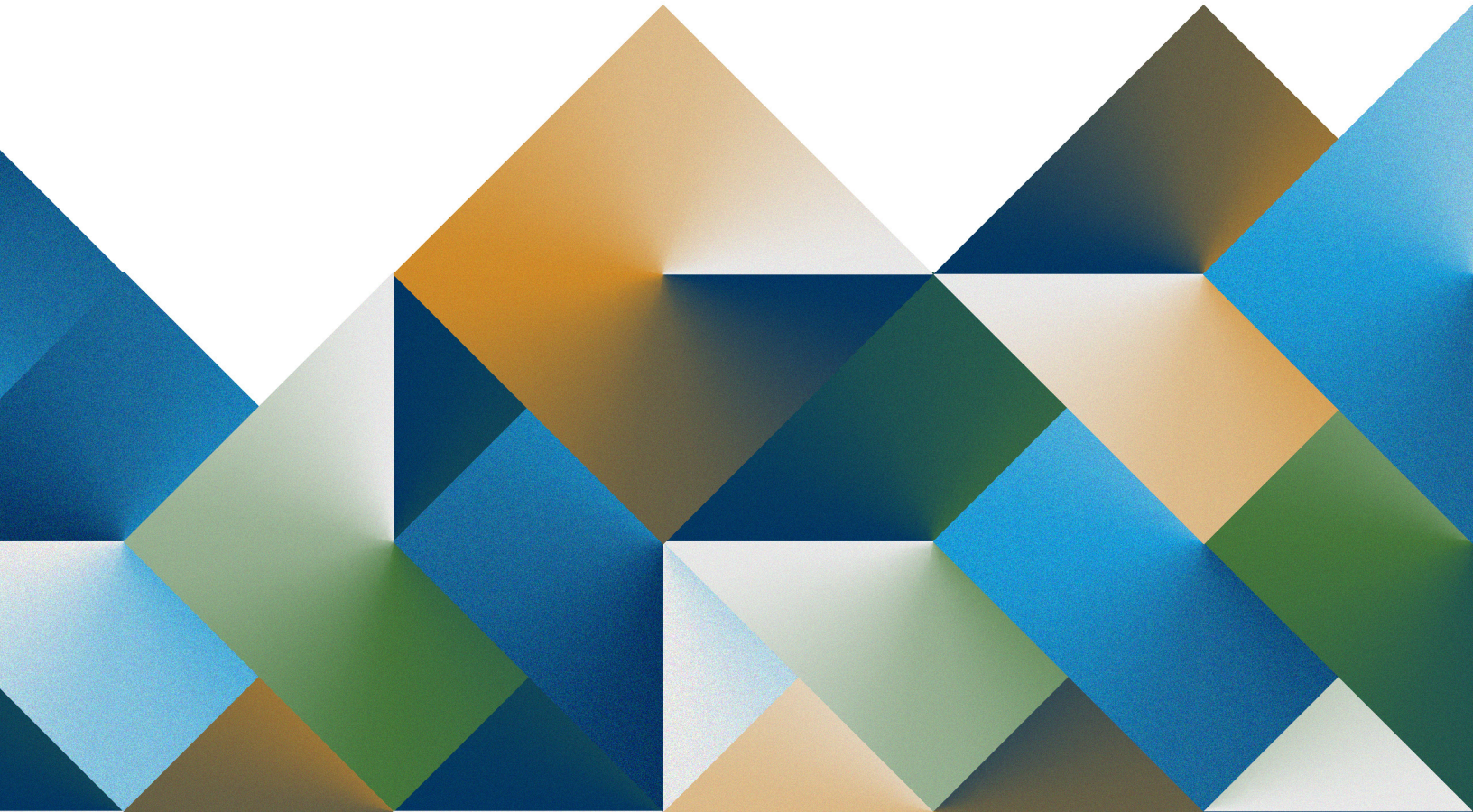
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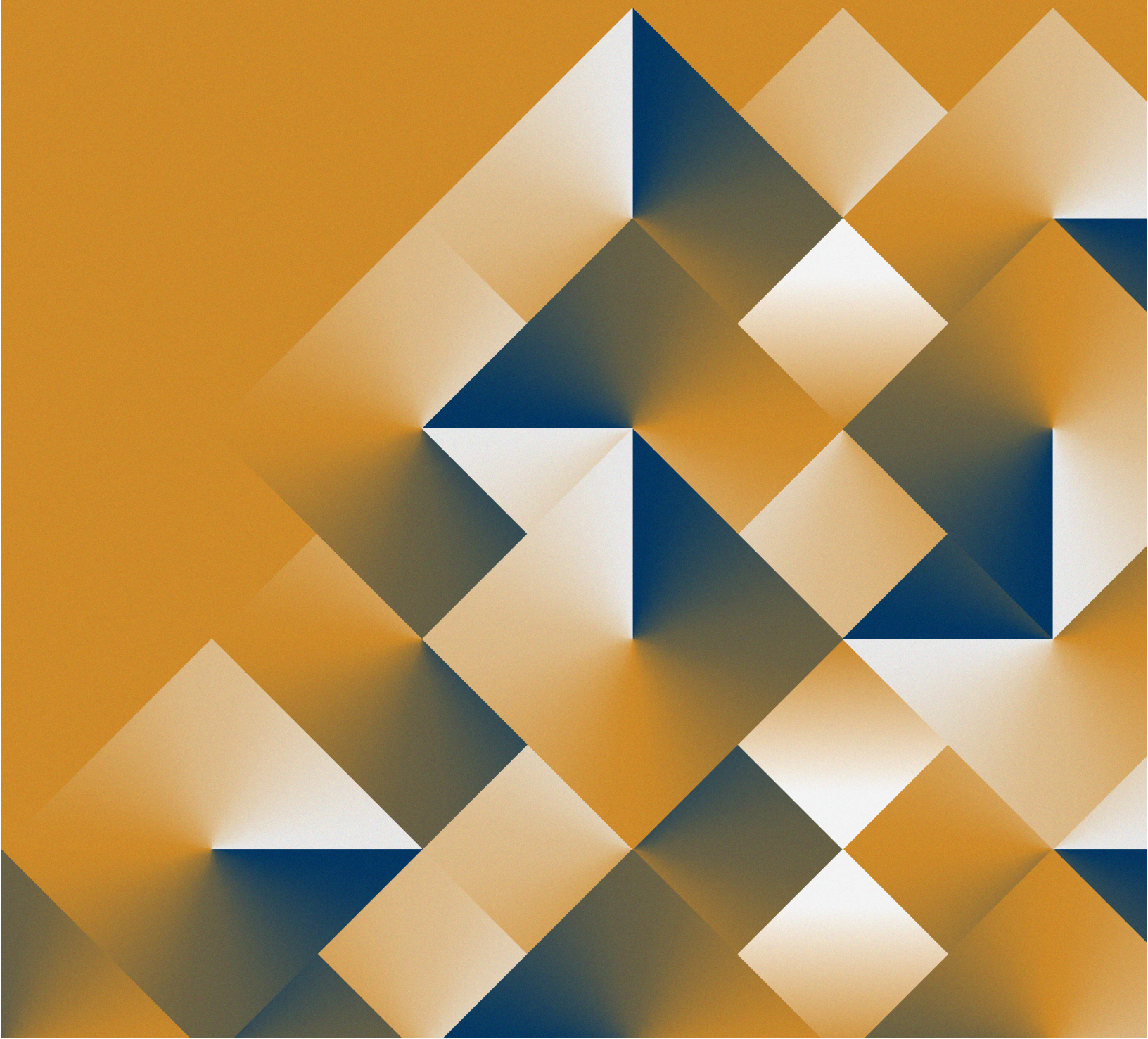
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INTRODUCTION

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This document is intended to be a companion resource to the ICF Workbook which was co-developed by Alberta Municipalities (ABmunis), the Rural Municipalities of Alberta (RMA), and Alberta Municipal Affairs. While the ICF Workbook serves as the primary resource for understanding ICF requirements and processes, this document focuses specifically on the Cost-Calculation Model (CCM) provisions introduced through recent amendments to the Municipal Government Act (MGA). It does not cover all topics for Intermunicipal Collaboration Framework (ICF) legislation, requirements or construction. It was developed based on a survey of rural administrators; focused interviews with rural CAOs; broad, international research on local government cost sharing models; and in-depth Alberta case studies. Key concepts and components of this resource have been validated by the Alberta Rural Municipal Administrators' Association (ARMAA) and shaped by contributions from municipal administrators throughout Alberta.

The resource is intended to help rural municipalities understand, evaluate, and participate in CCM discussions as part of the broader ICF process. It focuses on practical considerations related to cost attribution, data requirements, information sharing, governance, and negotiations, while recognizing that CCMs are one of several tools municipalities may use when establishing cost-sharing arrangements.

In the past, many ICF agreements were determined by broad 'willingness' or 'ability to pay' considerations. In some cases, this served rural municipalities well. Many are now encountering pressure from urban municipalities for increased levels of cost sharing. The interviews conducted to inform this resource suggest that successful ICF cost sharing is less about finding the mathematically perfect formula and more about establishing a transparent, mutually understood, service-specific and governable way of determining a fair share of costs.

This document is a tool to help you reach that end.



How to Use this Resource

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The purpose of this resource is to provide a rural lens on CCM-related discussions within the ICF process. It is intended both as a learning resource for elected officials and as a practical guide for administrators involved in the development, negotiation, implementation, and ongoing management of ICF agreements and any accompanying CCMs. While many of the considerations in this document are operational in nature, elected officials may find the key questions, messaging, and discussion points throughout each section helpful when evaluating options and supporting informed decision-making.

Throughout the document you will find brief vignettes related to other documents and founding research uncovered in its development. They will be noted by various icons:

 **SURVEY FINDINGS**	Statistics regarding RMA members' interpretations of the current and planned state of their ICFs.
 **CASE STUDY NOTE**	Insights from RMA members' plans and experience with the ICF process.
 **LEADING PRACTICE FINDING**	Understandings from national and international examples of cost sharing models.
 **LEGISLATIVE NOTE**	References to specific aspects or changes in the Alberta legislation regarding ICFs.
 **SPECIAL INTEREST TO RURALS NOTE**	Points to consider from a Rural perspective.
 **WORKBOOK CONNECTION**	Direction to sections of the co-developed ICF Workbook.

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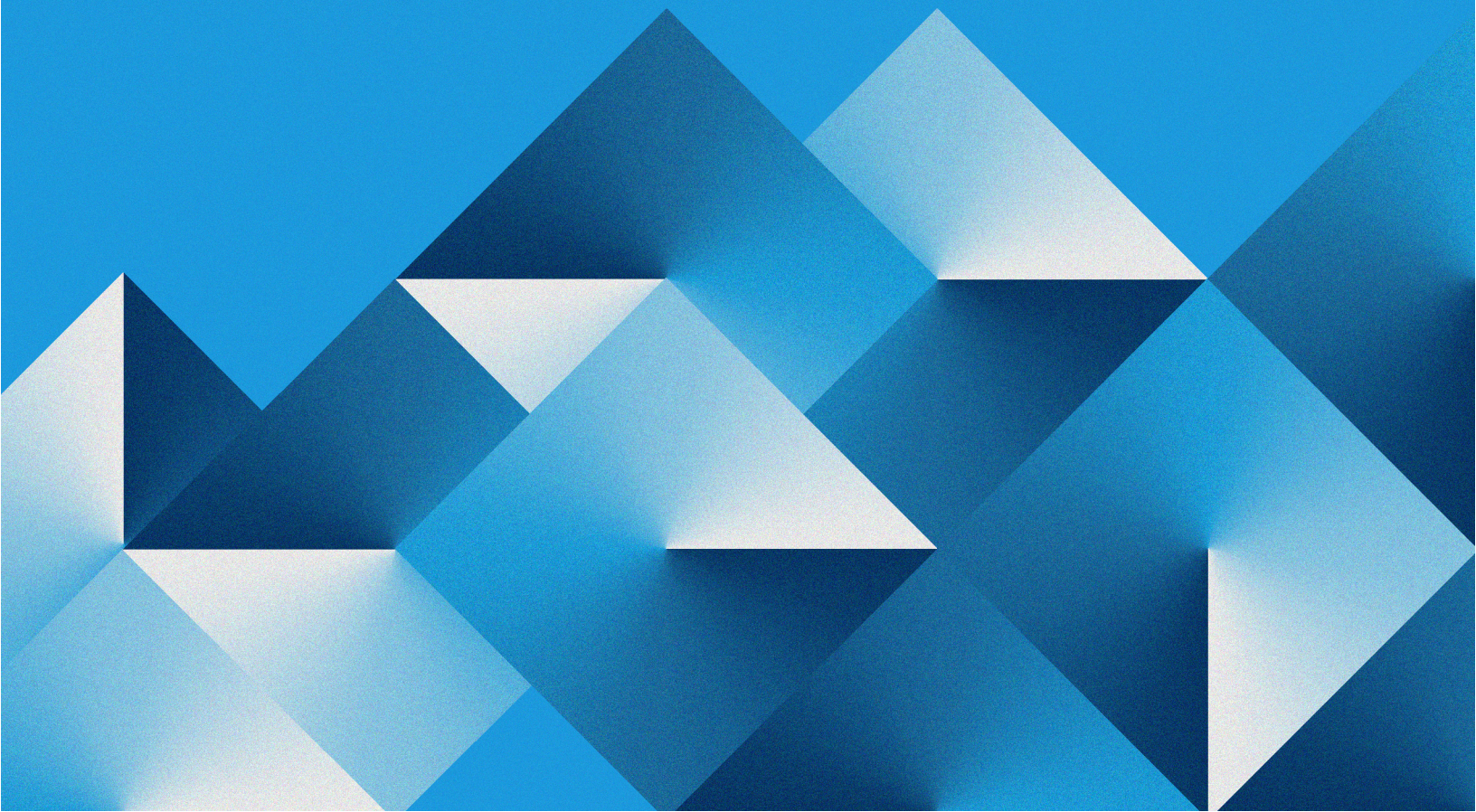
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FOUNDATIONS

In 2025, **Bill 50 amended the Municipal Government Act to change the application and context of the ICF, but the realities of what rural municipalities face remain unchanged.** Municipal Districts and Counties have successfully partnered with their urban neighbours for decades and while the legislative frameworks guiding these discussions continue to evolve, rural municipalities have been and remain good neighbours that bring value to the urban neighbours far beyond these agreements.

This section will provide a brief summary of the ICF's legislative history and remind members of the value that they bring to these relationships.

Legislative Context

2016

Mandatory Intermunicipal Collaboration Frameworks (ICFs) were introduced through the ***Modernized Municipal Government Act*** in 2016, with implementation occurring over the following several years. In the original framework legislation, municipalities were instructed to **identify and address all services that benefited residents across municipal boundaries.**

The legislation was focused on **five key areas** (transportation, water/wastewater, solid waste, emergency services, and recreation) but the broad wording led many municipalities to negotiate everything from libraries to local agricultural programs. This frequently triggered **gridlocked debates.**

2019

The ***Red Tape Reduction Implementation Act*** of 2019 refined the scope with amendments explicitly shifting the focus away from internal local administration to strictly intermunicipal services. These changes allowed municipalities to finalize ICFs faster by decoupling them from Intermunicipal Development Plans (IDPs) if both parties agreed. This period saw 99% of municipalities successfully pass their initial frameworks by the adjusted 2021/2022 provincial deadlines.

2025

Bill 50 was introduced and passed in 2025 resulting in amendments to the ***Municipal Government Act*** that **narrow and clarify the mandatory scope of ICFs,** providing greater certainty regarding which services must be considered (transportation, water/wastewater, solid waste, emergency services, and recreation) while allowing municipalities to continue collaborating on additional services when it is determined they benefit residents in more than one of the municipalities that are parties to the framework. A provision was included to allow rural municipalities to revoke existing ICFs with their rural counterparts, if mutually agreed by both councils.



SURVEY FINDINGS

Two-thirds (66.7%) of survey respondents indicated their intention is to mutually rescind rural-to-rural ICFs at their next review. Many respondents reported having few or no shared services with neighbouring rural municipalities and viewed the agreements as providing limited practical value.

Legislative Context

2025

The legislation also excluded third-party services delivered by a corporation that is independent of the municipalities party to the framework, where that corporation is the only entity authorized to provide the service under an enactment, such as libraries or RCMP. Municipalities can still include additional services; however, it is not entirely clear from the legislation whether disputes arising from non-mandatory service discussions would be subject to mandatory arbitration. Further, municipalities that mutually agree to establish a CCM are required to share the underlying operational data and assumptions used in its development.

Rural Realities

> The **Municipal Government Act** does not view ICFs as a mechanism for transferring wealth from rural municipalities to urban municipalities. The legislated purpose is "to facilitate integrated and strategic planning, promote the efficient stewardship of scarce resources, and ensure municipalities contribute appropriately to services that benefit their residents." (MGA, s. 708.27)

When entering into ICF negotiations, it is important for Municipal Districts and Counties to remember that they are not negotiating from a position of weakness. These jurisdictions possess several structural, financial, and governance strengths that can be overlooked if discussions become focused on urban service demands.

Rural municipalities govern most of the land base, manage critical regional infrastructure, support a major share of the regional economy, and represent taxpayers who already contribute significantly to regional prosperity. They have a history of delivering services in a cost-effective manner with an overall focus on efficiency. Negotiations should be entered respectfully and confidently.

The objective is not to fund your neighbour's priorities. The objective is to develop a fair framework for delivery of services that genuinely benefit residents of all municipalities party to an ICF.

Points to Consider

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A You Represent the Majority of the Land Base

Counties and Municipal Districts typically encompass the vast majority of the region's land area, development potential, resource lands, agricultural lands, transportation networks, and future growth areas.

KEY MESSAGE

Rural municipalities are not junior partners. They are equal governments representing most of the region's geography and economic assets.

B Significant Assessment Base and Economic Drivers

In many regions, the county's non-residential assessment base significantly exceeds that of the neighbouring town or village.

KEY MESSAGE

The county is often a primary economic engine of the region, not merely a customer of urban services. Many urban residents enjoy employment from county-based employers.

C Counties and Municipal Districts Already Provide Major Regional Services

Urban municipalities sometimes focus negotiations on services they provide, such as recreation facilities, libraries, or fire services.

Counties and Municipal Districts should remember that they also provide services that benefit urban residents, including:

- Regional road networks
- Transportation connections
- Economic development support
- Agricultural services
- Emergency management
- Rural fire protection
- Recreation amenities
- Tourism and destination development
- Regional planning participation
- Natural area conservation and public access lands

KEY MESSAGE

ICFs are intended to recognize mutual benefit, not one-way benefit.

Points to Consider

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D

Strong Fiscal Stewardship Culture

Rural councils are often accustomed to managing extensive infrastructure with limited population density, delivering services efficiently across large geographic areas, maintaining long-term asset management practices and exercising careful fiscal discipline on behalf of ratepayers. This gives counties credibility when questioning cost and financial models and assumptions.

KEY MESSAGE

Asking hard questions about costs is responsible governance, not obstructionism.

E

Urban Municipalities Need the Relationship Too

Urban municipalities often depend on rural cooperation for future annexation discussions, regional infrastructure projects, transportation connections, water and wastewater arrangements and/or emergency services coordination.

KEY MESSAGE

Counties and Municipal Districts are negotiating from a position of partnership, not weakness.

F

Rural Residents Are Already Regional Contributors

Many county residents already contribute substantially to urban communities through commercial property taxes, facility user fees, memberships, and direct retail spending.

KEY MESSAGE

Counties and Municipal Districts should acknowledge these realities when discussing any claim that rural residents are not paying their "fair share."

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INTRODUCTION TO COST CALCULATION MODELS (CCMs)

The amendments to the MGA introduced through Bill 50 represent a significant evolution in how municipalities approach the funding of shared services under an ICF. While the legislation now defines "costs for intermunicipal services" broadly to include operating, capital, and other non-operating costs associated with service delivery, it provides relatively little direction regarding how those costs must be calculated or allocated between municipalities. Rather than prescribing a single provincial methodology, the legislation permits municipalities to develop their own cost-calculation models and requires them to disclose the information, data, and assumptions used to support their proposals. This approach reflects a legislative preference for local flexibility over standardized provincial formulas.

The absence of a prescribed funding methodology has both advantages and challenges. On one hand, municipalities differ significantly in population, geography, assessment base, service utilization patterns, and service delivery arrangements, making a single province-wide formula impractical. The legislation therefore allows neighbouring municipalities to construct cost-calculation models that reflect their unique circumstances and the characteristics of the specific service being considered. On the other hand, the broad legislative language means that municipalities must work collaboratively to determine what costs are included, how benefits are measured, and how financial responsibility should be distributed, often leading to very different approaches across Alberta.

As a result, there is no universally "correct" cost-calculation model for ICF purposes. Effective models are typically those that can be clearly explained, supported by reliable data, understood by both municipal partners, and reasonably connected to the benefits received from the service. The following considerations are not intended to prescribe a single approach, but rather to highlight common principles, factors, and strategic questions that municipalities may wish to examine when developing, evaluating, or negotiating cost-calculation models for shared municipal services.



SURVEY FINDINGS

Two-thirds (66.7%) of survey respondents indicated their intention is to mutually rescind rural-to-rural ICFs at their next review. Many respondents reported having few or no shared services with neighbouring rural municipalities and viewed the agreements as providing limited practical value.



WORKBOOK CONNECTION

Before evaluating cost allocation methodologies, municipalities should first complete a comprehensive inventory of shared and potentially shared services. The workbook's "Tool B: Services Inventory Development" helps municipalities identify which services actually warrant cost-sharing discussions before debating funding formulas.

Available Cost Sharing Models

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The ICF Workbook offers a wide selection of cost sharing approaches for consideration. The table below recreates that list but splits it into two groupings. The first group provides three approaches that best fit with the realities of rural municipalities with a brief note outlining their strengths in this regard. The second grouping presents the remaining approaches along with observations on their applicability within a rural context.

Best Fit Approaches

A Usage-Based Contribution (Percentage of Use)

WHY IT FITS

A usage-based model aligns closely with one of the foundational principles of ICFs: municipalities should contribute to services that benefit their residents. For many regional facilities and services, rural municipalities can reasonably support cost sharing when there is clear evidence that their residents are actively using the service. This creates a direct relationship between benefit received and municipal contribution, improving accountability to taxpayers.

For MDs and Counties, this approach recognizes the reality that rural residents often use urban services at varying levels depending on the facility, location, and availability of alternatives. Rural populations are dispersed, demographic trends differ from urban communities, and service utilization can fluctuate over time. A usage-based model allows contributions to reflect actual demand rather than assumptions based solely on population, assessment, or geography.

ADVANTAGES

- Supports the principle that funding should correspond to measurable benefit.
- Can be defended to rural taxpayers as evidence-based and transparent.
- Adjusts over time as participation levels increase or decrease.
- Avoids requiring MDs and Counties to subsidize facilities that receive little or no rural use.
- Encourages facility operators to collect meaningful utilization data.

KEY CONSIDERATIONS

Rural municipalities should ensure that usage data is reliable, consistently collected, and capable of distinguishing municipal residency where practical.

Best Fit Approaches

B Fixed Contribution (Grant-Based)

WHY IT FITS

A fixed grant contribution reflects the practical reality that many rural municipalities recognize the regional value of urban facilities and services even when precise usage data is difficult or expensive to collect. Rather than attempting to measure every user interaction, an MD/County may choose to provide a predictable annual contribution that acknowledges a shared regional benefit while maintaining budget certainty.

This approach works particularly well where facilities provide broad social, cultural, recreational, or economic benefits to the region but where direct attribution of use is challenging. It allows counties to demonstrate regional partnership without creating an open-ended financial commitment tied to operating deficits or escalating costs outside their control.

For many Alberta rural municipalities, predictable budgeting is critical due to fluctuating revenues associated with resource assessment, provincial grants, and economic conditions. A fixed annual contribution provides certainty for both municipalities during multi-year financial planning.

ADVANTAGES

- Provides certainty and predictability for annual budgeting.
- Reduces administrative costs associated with tracking and auditing usage.
- Acknowledges regional benefit without requiring precise attribution.
- Limits exposure to unexpected operating deficits and cost escalation.
- Simplifies agreement administration and future negotiations.

KEY CONSIDERATIONS

The amount should be periodically reviewed to ensure it remains reasonable and reflective of the intended level of support.

Best Fit Approaches

TOC →

C Fixed Contribution (In-Kind)

WHY IT FITS

In-kind contributions are often one of the most natural forms of intermunicipal cooperation for rural municipalities because MDs and Counties frequently possess assets, equipment, expertise, land, infrastructure, and operational capacity that can support regional services. Rather than transferring cash, a municipality contributes tangible services or resources that have recognized value to the partnership.

This model acknowledges that not all municipal contributions need to be financial. MDs and Counties often operate extensive road networks, heavy equipment fleets, emergency management programs, engineering services, agricultural services, and public works operations that may directly support shared regional outcomes. In many cases, these contributions provide greater value to the partnership than an equivalent cash payment.

In-kind contributions also recognize the historical reality of Alberta municipalities, where intermunicipal cooperation has frequently occurred through the sharing of equipment, facilities, staff expertise, and operational services rather than formal financial transfers.

ADVANTAGES

- Leverages existing municipal assets and expertise.
- Reduces direct financial impacts on rural taxpayers.
- Recognizes non-cash contributions that support regional outcomes.
- Provides flexibility to tailor support to local circumstances.
- Often reflects long-standing cooperative relationships between neighbouring municipalities.

KEY CONSIDERATIONS

The agreement should clearly define the scope, frequency, and estimated value of the in-kind contribution to ensure transparency and avoid future disputes.

From a rural municipal perspective, all three approaches have strengths because they align with core principles that the Rural Municipalities of Alberta (RMA) has consistently advanced: local autonomy, flexible arrangements tailored to local circumstances, practical service-focused collaboration, and contributions that reflect demonstrable benefits rather than prescribed provincial formulas. A municipality may even choose to combine these approaches, using a fixed grant to recognize regional benefits, a usage-based contribution for specific facilities, and in-kind services where the county possesses unique operational capabilities.

Alternative Approaches Requiring Careful Consideration

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The following reflects common concerns expressed by Alberta counties and municipal districts when evaluating cost-sharing models through the lens of fairness, rural realities, and the principle that contributions should be linked to demonstrable intermunicipal benefit.

D Per Capita (Population-Based)

RURAL APPLICABILITY CONSIDERATIONS

A per-capita model assumes that service demand is directly proportional to population. For many county and municipal district residents, this assumption is often difficult to support. Rural populations are geographically dispersed, have different demographic characteristics, and may utilize specific urban services at significantly different rates than urban residents.

Population-based formulas can also ignore the fact that rural municipalities often maintain substantial infrastructure networks and provide extensive services across large geographic areas despite relatively small populations. As a result, rural municipalities may contribute disproportionately relative to the actual use of a facility or service.

COMMON CONCERNS

- Population does not necessarily correlate with service utilization.
- Fails to recognize geographic distance and accessibility challenges.
- Can result in rural residents paying for facilities they rarely use.
- May overstate the benefit received by county residents.
- Does not account for existing user fees already paid by rural residents.

KEY CONCERN

Population is an imperfect proxy for benefit and may significantly overstate or understate actual service use by rural residents.

Alternative Approaches Requiring Careful Consideration

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E Assessment-Based (Equalized Assessment)

RURAL APPLICABILITY CONSIDERATIONS

An assessment-based model assumes that municipalities with greater assessment capacity should contribute more toward shared services. MDs and Counties often have large assessment bases due to industrial, energy, pipeline, utility, and agricultural assessments. A larger assessment base does not necessarily translate into greater fiscal capacity, just as it does not necessarily indicate that a municipality receives a greater benefit from the service being funded.

This approach can create a perception that cost sharing is based on ability to pay rather than actual benefit received. Additionally, Rural municipalities may possess significant assessment values while simultaneously facing extensive infrastructure obligations, including roads, bridges, drainage systems, and emergency services over vast geographic areas.

COMMON CONCERNS

- Measures wealth rather than benefit.
- Industrial assessment may inflate contribution requirements without increasing facility use.
- Can effectively convert ICF discussions into regional wealth redistribution.
- Fails to recognize the significant infrastructure responsibilities and service obligations carried by rural municipalities.
- Creates pressure on resource-based assessment revenues that are often volatile and subject to market conditions.

KEY CONCERN

Assessment measures a municipality's tax base, but not necessarily its ability to contribute to shared services or the extent to which its residents benefit from those services.

Alternative Approaches Requiring Careful Consideration

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F Tax-Rate Based (Mill Rate)

RURAL APPLICABILITY CONSIDERATIONS

Mill rates are established based on the unique service levels, infrastructure requirements, assessment composition, and financial strategies of individual municipalities. Comparing municipalities based on tax rates alone can be misleading because a higher or lower mill rate does not necessarily indicate a greater ability to pay or a greater benefit received from a shared service.

In rural municipalities, tax rates may be intentionally structured to support specific infrastructure investments, reserve strategies, or economic development objectives. Using mill rates as a cost-sharing determinant can unintentionally penalize municipalities for local taxation decisions that have no connection to the shared service under consideration.

COMMON CONCERNS

- Mill rates vary for reasons unrelated to service benefit.
- Reflect local policy choices rather than regional utilization.
- Creates difficult comparisons between urban and rural taxation structures.
- May incentivize municipalities to modify taxation strategies for reasons unrelated to sound financial planning.
- Lacks a clear connection to service demand or measurable outcomes

KEY CONCERN

Mill rates reflect local taxation decisions, assessment composition and service levels, not utilization of or benefit from the shared service.

Alternative Approaches Requiring Careful Consideration

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G Hybrid or Blended Formulas

RURAL APPLICABILITY CONSIDERATIONS

Hybrid models typically combine multiple variables such as population, assessment, usage, distance, and fixed contributions. While these models can appear sophisticated and balanced, they often become difficult to understand, explain, and administer.

From a municipal district/county perspective, blended formulas can sometimes mask assumptions that disproportionately favour one municipal partner. When several variables are combined, it can become difficult to determine whether the final result accurately reflects benefit received or merely creates a negotiated compromise.

RMA members frequently place significant value on transparency and accountability to taxpayers. Complex blended formulas can make it challenging for elected officials to explain why a municipality is contributing a specific amount.

COMMON CONCERNS

- Can become overly complicated to administer.
- Difficult for ratepayers and elected officials to understand.
- May obscure the relationship between contribution and benefit.
- Often requires ongoing data collection and recalculation.
- Can become contentious when one component of the formula changes significantly over time.

KEY CONCERN

Combining multiple variables can create a complex formula that is difficult to understand, explain, and administer.

Alternative Approaches Requiring Careful Consideration

TOC →

H No Cost Sharing

RURAL APPLICABILITY CONSIDERATIONS

Although counties are often cautious about entering unnecessary financial commitments, a complete absence of cost sharing may fail to recognize circumstances where MD/County residents genuinely benefit from a service provided by another municipality.

Many urban facilities and services contribute to the social, cultural, recreational, economic, and community well-being of the broader region. Where measurable intermunicipal benefits exist, refusing any form of contribution can undermine long-term regional relationships and may not reflect the collaborative intent underlying Intermunicipal Collaboration Frameworks.

In addition, rural municipalities often rely on regional partnerships for economic development, emergency response, transportation connectivity, and other shared interests. A position of no cost sharing may limit opportunities for future cooperation.

COMMON CONCERNS

- May not reflect actual regional service use by MD/County residents.
- Can strain intermunicipal relationships.
- Foregoes opportunities to support valuable regional assets.
- May undermine broader regional collaboration objectives.
- Can be difficult to defend where measurable MD/County benefit clearly exists.

KEY CONCERN

It may fail to recognize situations where residents of multiple municipalities receive clear and measurable benefits from a shared service.

Alternative Approaches Requiring Careful Consideration

If viewed through a rural municipal lens, the common weakness shared by population-based, assessment-based, mill-rate-based, and many hybrid funding models is that they are often proxy measures for benefit rather than direct measures of benefit. Municipal Districts and Counties generally prefer approaches that can demonstrate a clearer connection between a municipal contribution and the value received by their residents.

As a result, many rural municipalities tend to favour usage-based contributions, fixed contributions, negotiated grants, or in-kind service arrangements because they are generally easier to explain, easier to budget, and more closely aligned with the principle that municipalities should contribute to services that provide a demonstrable intermunicipal benefit.



SURVEY FINDINGS

Respondents generally viewed actual operating costs, actual service delivery costs, service levels, and units of service delivered as effective inputs into a CCM, while equalized assessment was almost unanimously viewed as ineffective. Several respondents noted that ability-to-pay measures do not necessarily reflect the benefit received from a shared service.

Financial Stewardship

Effective cost-sharing decisions require more than an understanding of municipal services and governance structures. Municipal officials must also have a foundational understanding of key financial concepts that influence the long-term sustainability, affordability, and fairness of an agreement.

Financial stewardship helps officials evaluate the financial implications of service delivery arrangements and make informed decisions on behalf of their communities. **In the context of intermunicipal collaboration, officials should be able ask for and understand the answers to these questions:**

1. What is the full lifecycle cost of a service?
2. Who benefits from the service, and does the proposed cost-sharing formula reflect those benefits?
3. What financial risks does this agreement create, and how are those risks shared among the parties?
4. How will this agreement affect taxpayers over the next 10 to 20 years, not just this year's budget?

Answering these questions requires an understanding of several key financial concepts.

Points to Consider

A

Full Cost Recovery

When evaluating the cost of a municipal service, it is important to consider all costs associated with delivering and sustaining that service over time. Focusing solely on annual operating expenditures can underestimate the true financial commitment required.

To understand the full cost of a service, officials should be familiar with the following cost categories.

- Direct operating costs such as staffing, fuel, supplies, and routine repair and maintenance.
- Indirect/third party costs such as utilities, insurance, telecommunications, etc.
- Administrative overheads including management, finance, human resources, information technology, and other corporate support functions.
- Capital costs associated with constructing, purchasing, or significantly upgrading facilities, equipment, or infrastructure.
- Debt servicing costs for projects financed through borrowing, including principal and interest payments.
- Lifecycle replacement costs required to rehabilitate, renew, or replace assets as they reach the end of their useful life.

A municipality may claim that a recreation centre costs $2 million annually to operate. However, the true cost of providing the service may be significantly higher once administrative support, insurance, future facility upgrades, asset replacement, and debt payments are considered.

KEY QUESTION

Are municipalities sharing only annual operating costs, or are they sharing the full lifecycle cost of providing the service?



CASE STUDY NOTE

Foothills County found that annual operating budgets alone were insufficient for understanding the true cost of service delivery. Their agreements incorporate both operating costs and long-term asset costs, including amortization and capital reinvestment considerations, helping ensure future taxpayers are not left funding today's service commitments.

Points to Consider

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WORKBOOK CONNECTION

Cost-sharing discussions are more productive when municipalities first agree on whether they are sharing gross costs or net costs. The workbook emphasizes that the treatment of user fees, grants, sponsorships, rentals, and other revenues should be resolved before negotiating contribution percentages.



LEADING PRACTICE FINDING

The RM of Francis No. 127 in Saskatchewan separates fire protection funding into two components: an annual readiness contribution and incident-based response charges. This approach recognizes that maintaining emergency response capacity creates costs even when no emergency calls occur.

B

Capital, Operating and Other Non-Operating Costs

Municipal services typically involve both capital and operating expenditures. Capital costs are associated with acquiring, constructing, or significantly improving long-term assets such as buildings, roads, utility infrastructure, or major equipment. Operating costs represent the ongoing expenses required to deliver and maintain services, including staffing, utilities, fuel, maintenance, and supplies. Other non-operating costs have been included in a category in the legislation but have not been fully defined. Current understanding is that these relate to payment of borrowing costs or debt on assets or other aspects that support service delivery.

Distinguishing between these cost categories is important because each may require different funding approaches, timelines, and cost-sharing arrangements. A service with relatively low operating costs may still require substantial long-term capital investments. Many disputes in intermunicipal agreements arise when associated costs are not clearly defined or when parties have different expectations regarding responsibility for each.

Capital costs are long-term investments in infrastructure and assets, such as:

- Recreation facilities.
- Water and wastewater infrastructure.
- Roads, bridges, and transportation infrastructure.
- Fire halls and emergency service facilities and apparatus.

Points to Consider

TOC →

Operating costs are recurring annual expenses associated with service delivery, such as:

- Salaries and benefits
- Repairs and maintenance
- Utilities
- Supplies and consumables
- Fuel

When developing a cost-sharing formula, municipalities should clearly establish:

- How ongoing operating costs will be funded and shared?
- Who is responsible for construction or acquisition costs?
- Are we including other non-operating costs? How are we defining them?
- Who will be responsible for future expansions, upgrades, or asset replacement?

Clearly defining these responsibilities at the outset helps minimize the potential for future disputes between municipal partners.

KEY QUESTION

Does the agreement clearly identify how capital costs, operating costs, other non-operating costs and future asset investments will be funded and shared?



CASE STUDY NOTE

Bill 50 specifically recognizes operating, capital, and other non-operating costs as components of intermunicipal service delivery costs. Municipalities should therefore ensure that agreements clearly identify which categories of costs are included in any funding arrangement.



LEADING PRACTICE FINDING

The Central Coast (NSW, Australia) Joint Scheme Funding Agreement avoids a single funding formula by treating capital works, future growth investments, and operating costs separately. The agreement demonstrates that different cost categories often require different allocation methods and governance processes.

C

Lifecycle Asset Management

Municipal assets require investment throughout their useful life. Buildings, vehicles, equipment, and infrastructure must be maintained, rehabilitated, and eventually replaced. Lifecycle asset management is the process of considering the full lifespan of an asset and planning for the costs associated with its ongoing maintenance and renewal.

In the context of intermunicipal collaboration, lifecycle asset management helps municipalities understand the long-term financial obligations associated with shared services and assets, rather than focusing solely on initial acquisition costs.

Municipal assets eventually wear out, making it important for officials to understand the factors that influence long-term asset planning and funding, including:

- Asset useful life
- Annual amortization
- Reserve requirements
- Replacement timing

For example, a fire station constructed today may continue providing service for decades but could require significant renovations or replacement within 30 to 40 years. Major equipment and infrastructure components often require periodic rehabilitation before reaching the end of their useful life.

By incorporating lifecycle considerations into financial planning, municipalities can better anticipate future funding requirements and avoid unexpected financial pressures. Good agreements consider future replacement costs and long-term asset sustainability, not just today's expenses.

KEY QUESTION

Does the agreement account for the full lifecycle of shared assets, including maintenance, rehabilitation, reserve funding, and eventual replacement?

D

Inflation and Cost Allocation

The cost of delivering municipal services will change over time. Inflation increases the general price of goods and services, while cost escalation refers to increases in specific expenses, such as construction materials, equipment, labour, or fuel, that may rise faster than overall inflation.

Considering inflation and cost escalation allows municipalities to develop more realistic financial projections and allows agreements to better account for changing economic conditions over time. Costs almost never remain static, particularly over the lifespan of long-term intermunicipal agreements. Without mechanisms to address rising costs, agreements that were initially considered fair can become sources of disagreement and financial pressure.

Municipalities should consider how agreements will account for:

- Inflation adjustments
- Construction cost escalation
- Utility cost increases
- Wage growth

For example, rising construction costs can significantly increase the price of future facility expansions or asset replacement, while increases in wages, utilities, and other operating expenses can affect the ongoing affordability of service delivery. Incorporating indexing mechanisms or periodic reviews can help ensure cost-sharing arrangements remain equitable over time and that resulting contributions are predictable.

Without accounting for changing costs, municipalities may find that original funding formulas no longer reflect the actual costs of delivering the service.

KEY QUESTION

How will the agreement address inflation and other cost increases over time to ensure costs remain fairly allocated among municipal partners?

E

Opportunity Cost

As municipal officials know all too well, resources are limited, and decisions often involve trade-offs between competing priorities. Opportunity cost refers to the value of the alternative use of resources that must be foregone when a particular decision is made.

Understanding opportunity cost encourages municipalities to consider whether a proposed service or collaborative arrangement represents the most effective use of available resources when accessing services for residents. Funds committed to one initiative cannot be spent elsewhere, making it important to consider both the benefits and potential consequences of allocating resources away from other needs.

When evaluating financial commitments, council members should consider:

- What services might be delayed because of this decision?
- What tax increases may be required to support the commitment?
- What capital projects might be deferred or cancelled?

For example, a municipality's contribution toward a regional recreation facility will reduce its ability to fund road and bridge improvements, utility upgrades, agricultural service initiatives, emergency services, or other local priorities. While the investment may provide significant benefits, the trade-offs should be considered, and the anticipated outcomes should justify the financial commitment. This helps ensure that finite resources are directed towards initiatives that provide the greatest overall value to residents.

KEY QUESTION

What opportunities, services, or investments may be curtailed or forgone as a result of this commitment?

F

Sensitivity Analysis

Sensitivity analysis is a tool used to test how changes in key assumptions affect financial outcomes. It addresses various "what if" questions.

Rather than relying on a single forecast, municipalities can examine multiple scenarios to better understand potential risks and uncertainties. By testing different assumptions, changes in costs, demand, growth, or economic conditions that may affect the long-term sustainability of a service or cost-sharing arrangement can be assessed.

Before approving a cost-sharing formula, councils should also test a range of potential future scenarios, such as:

- What if service demand is higher or lower than expected?
- How would changes in population or assessment growth affect cost-sharing contributions?
- What if inflation remains elevated for an extended period?
- What happens if construction costs increase by 15%?
- What if a major employer leaves the region?

Exploring these possibilities helps municipalities identify financial risks and evaluate whether an agreement remains viable under changing circumstances. Financial stewardship requires a council to avoid making decisions based on a single forecast and instead considers how a proposed arrangement may perform across a range of possible outcomes.

KEY QUESTION

How would the agreement perform if actual conditions differ from initial assumptions?

Data Sources

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The effectiveness of a cost-sharing agreement depends not only on the funding formula selected, but also on the quality, reliability, and consistency of the data used to support it and the cost of acquiring the data. Even a well-designed formula can produce unintended outcomes if it is based on incomplete, outdated, or poorly understood information.

Many intermunicipal disagreements are not about the formula itself, but about the data used to calculate it. Questions often arise regarding which data should be used, where it comes from, how frequently it is updated, whether both municipalities trust its accuracy, and whether it can be independently verified.

A strong understanding of data and its sources enables elected officials to evaluate proposed cost-sharing arrangements with confidence and ensure that decisions are based on defensible information. The following components provide a breakdown of what types of data should be considered as well as which aspects of the data types should be evaluated in the process.

A

Population Data

Population is one of the most commonly used variables in cost-sharing agreements. However, municipalities may rely on different population sources, each with its own advantages and limitations.

Common population sources include:

- Federal census data
- Municipal census data
- Alberta Municipal Affairs population lists

Officials should understand the methodology, update frequency, and intended use of each source. For example, federal census data provides consistency and reliability but may not reflect recent growth, while municipal census data may be more current but can vary in methodology between municipalities.

KEY QUESTION

Which population data will be recognized as the official source for the agreement?

B

Usage Data

Many municipal services are funded based on how frequently they are used. Usage-based approaches can help align costs with benefits but are only effective when the underlying data is reliable and consistently collected.

Usage data may include:

- Recreation facility attendance
- Water consumption
- Fire service calls
- Transit ridership

When evaluating usage data, officials should understand how information is collected, whether it can be validated, and whether users can be accurately attributed to a particular municipality.

KEY QUESTION

Is service usage being measured consistently and accurately enough to support a funding formula?



CASE STUDY NOTE

The County of Grande Prairie relies extensively on service utilization tracking through cell phone geo-fencing to allocate costs for recreation, emergency management, and other regional services. Municipal leaders reported that objective usage data helps shift negotiations away from perceptions and toward measurable evidence.

C Financial Data

Cost-sharing negotiations often rely on financial information provided by participating municipalities. It is important to understand how costs are calculated and whether consistent accounting practices are being used.

Common sources include:

- Audited financial statements
- Annual budgets
- Cost accounting reports
- Asset management plans

Officials should understand differences in accounting methods, treatment of overhead costs, and the use of budgeted versus actual expenditures as these factors can significantly affect reported service costs.

KEY QUESTION

Are all municipalities calculating and reporting costs in a consistent and transparent manner?

D Assessment Data

Property assessment is frequently used as a measure of a municipality's ability to contribute financially to a shared service. It is often suggested because of the perceived accuracy of the data given that it is based on highly regulated standards and audited by the province.

Potential sources include:

- Municipal assessment rolls
- Equalized assessment reports
- Provincial assessment information

Officials should understand local assessment trends, the impact of industrial assessment values, and the distinction between assessed value and market value. Municipalities with relatively small populations may have substantial assessment bases that influence their capacity to contribute.

Equalized assessment is likely a poor means to allocate cost under an ICF. The concept of ability to pay is irrelevant when a focus should be on balancing cost with benefit.

KEY QUESTION

Does assessment accurately reflect each municipality's achieved benefit under this agreement?

SPECIAL INTEREST TO RURALS NOTE

A municipality's assessment base is not simply a measure of its fiscal capacity, or ability to pay. In many regions, county non-residential assessment, industrial development, agricultural production, and resource activity help support the broader regional economy that benefits residents and businesses throughout neighbouring municipalities.

E

Growth and Development Data

Cost-sharing agreements often extend for many years, making future growth an important consideration. Negotiation based solely on current conditions may create inequities as communities evolve.

Relevant sources may include:

- Municipal development plans
- Population projections
- Building permit activity such as volumes and/or values
- Regional growth studies
- Land use and development forecasts
- Annexation plans, studies, agreements, or other anticipated boundary changes

Growth is rarely even across a region. One municipality may experience significantly greater residential, commercial, or industrial development than another, resulting in changing service demands and financial pressures over time. Growth-related changes may also occur through annexations or planned boundary adjustments. Annexation can affect population, assessment growth, infrastructure responsibilities, service demand, and the distribution of benefits received by participating municipalities. Where annexation plans or discussions exist, municipalities should consider how these changes could affect the assumptions underlying cost-sharing arrangements over the term of the agreement.

Officials should consider:

- Is growth expected to occur evenly across participating municipalities?
- Are infrastructure or service demands likely to change as growth occurs?
- Are any annexations, boundary adjustments, or future growth areas anticipated that could affect service demand, assessment growth, or the distribution of costs and benefits among municipal partners?

When evaluating growth and development data, these trends can help municipalities anticipate future needs/demand and ensure cost-sharing arrangements remain appropriate as communities evolve. Negotiating solely on current data may result in funding arrangements that do not reflect actual benefits, or service demands in the future.

KEY QUESTION

How could future growth, development, or boundary changes affect service demand, benefits received, and the allocation of costs among municipal partners?

F

Asset Management Data

For services that rely on significant infrastructure or equipment, asset data provides insight into future financial obligations that may not be evident from annual operating budgets alone.

For capital-intensive services, officials should understand:

- Asset condition reports
- Infrastructure inventories
- Remaining useful life estimates
- Replacement schedules

An asset may appear affordable to operate today while requiring major reinvestment in the future. Without proper consideration of asset management data, future liabilities can easily be overlooked.

KEY QUESTION

What future infrastructure investments or replacement costs should be anticipated?

G Cost Driver Data

Not all costs are driven by the same factors. Identifying what actually causes costs to occur can help municipalities select more appropriate allocation methods.

Examples include:

SERVICE	POSSIBLE COST DRIVER
Fire Services	Call Volume
Water Services	Consumption
Roads	Traffic Volumes
Recreation	Attendance

Focusing on cost drivers can provide a stronger rationale for cost allocation than relying solely on population or assessment data.

KEY QUESTION

Does the selected data accurately reflect what drives the cost of service?

H Historical Trends

A single year of data may not accurately reflect long-term conditions. Reviewing historical trends can help municipalities distinguish temporary fluctuations from meaningful patterns.

Strong agreements often consider:

- 5 to 10-year trends
- Cost escalation trends
- Service demand patterns
- Historical usage patterns

This analysis can provide a more reliable basis for long-term agreements and reduce the influence of unusual circumstances affected by economic downturns, major projects, or emergency events.

KEY QUESTION

Do historical trends support the assumptions being used in the agreement?

CASE STUDY NOTE

Camrose County uses rolling averages of historical service calls and actual expenditures when calculating fire service contributions. Relying on multiple years of data helped smooth annual fluctuations and produced more stable, equitable cost-sharing outcomes.

I

Data Governance and Common Definitions

A common challenge in cost-sharing negotiations is the use of inconsistent data. Data can only be compared if all parties are measuring the same things in the same way. Consistency issues can also appear if measurement methods vary from year to year.

Examples include defining:

- What counts as a recreation user?
- What qualifies as a fire call?
- What expenses are included in administration?
- How is overhead calculated?

Establishing common definitions at the start supports consistency and trust between municipal partners.

KEY QUESTION

Are all municipalities using the same definitions and methodologies?

J

Data Transparency and Verification

Regardless of the data source, municipalities should be able to understand how information was obtained and how calculations were performed. Transparency is the strongest predictor of acceptance.

Data used in cost-sharing agreements should be:

- Transparent
- Reproducible
- Accessible
- Verifiable

Officials may wish to request support documentation, calculation methodologies, regular reporting, or third-party validation where appropriate.

KEY QUESTION

Can the data and resulting calculations be independently verified and replicated?



WORKBOOK CONNECTION

The quality of a Cost Calculation Model depends as much on data transparency as on the formula itself. The workbook recommends establishing information-sharing expectations early, including methodologies, assumptions, supporting documentation, and verification procedures before cost calculations are developed.

K Data Cost Sharing

Obtaining, maintaining, validating, and analyzing data can require significant investments of staff time, technology, software, third-party studies, and operational resources. While one municipal partner may be the primary collector or custodian of information, municipalities should carefully consider whether the costs associated with producing and maintaining data are reasonable, necessary, and proportionate to its intended use within the ICF relationship. Cost-sharing discussions should distinguish between data collected for a municipality's own operational purposes and data that is specifically required to support intermunicipal decision-making.

Municipalities should also consider whether the benefits of improved data quality justify the associated costs. In some cases, a simpler and less costly dataset may be sufficient to support decision-making, whereas in others, the financial implications of a service agreement may warrant more rigorous data collection and verification processes.

KEY QUESTION

Are the costs associated with collecting, maintaining, and analyzing the data reasonable, transparent, and proportionate to the decisions the data will support?

L Data Sharing Obligations

Effective collaboration depends on all parties having access to sufficient information to understand, verify, and evaluate proposals related to shared services and cost-sharing arrangements. When relying on data collected and maintained by an intermunicipal partner, rural municipalities should ensure they have timely access to the underlying information, methodologies, assumptions, and calculations used to support recommendations or funding requests. Transparency helps build trust and allows all parties to evaluate whether data supports the conclusions being presented.

Municipalities should also consider establishing expectations regarding data format, frequency of reporting, confidentiality, retention periods, and opportunities for independent review. Clear data-sharing practices can reduce disputes, improve accountability, and ensure that negotiations are based on common facts rather than differing interpretations of information.

KEY QUESTION

Do all participating municipalities have timely access to the information, assumptions, and methodologies necessary to independently understand and validate the conclusions being presented?



CASE STUDY NOTE

Bill 50 requires municipalities to disclose the information, assumptions, and data used to support proposed cost-calculation models. This legislative change reinforces the expectation that ICF negotiations will be evidence-based, transparent, and supported by verifiable information.

M

Bias and Data Limitations

Data is not always neutral. Results can be affected by biased data collection practices, reporting methods, incomplete records, outdated information, or sample sizes.

Municipalities should critically assess whether a dataset accurately reflects current conditions and whether another party using the same information would reach the same conclusion. Recognizing limitations and potential sources of bias can minimize municipalities making decisions based on incomplete or misleading information.

KEY QUESTION

Does the data provide an accurate and fair representation of the issue being evaluated?

Strong data understanding is as important as financial understanding when developing cost-sharing agreements.

Fair and sustainable agreements are built on trusted data sources that can withstand scrutiny and support valid decision-making.



SURVEY FINDINGS

Survey participants identified limited data systems (63.6%) and lack of comparable data from ICF partners (54.5%) as the most significant barriers to developing effective Cost Calculation Models. Respondents consistently emphasized that reliable, comparable information is often more difficult to obtain than developing the formula itself.

Service Definition, Levels and Costing

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When negotiating a cost-sharing agreement between municipalities, it is important to understand that service definition, service levels, and service costing form the foundation of a long-lasting agreement. RMA strongly advocates for sharing agreements that are based on service usage articulated through clear, consistent and reliable usage data. Municipalities often disagree on funding formulas because they have not first established a mutual understanding of what service is being shared, what level of service is expected, and which costs should be included in the calculation.



SPECIAL INTEREST TO RURALS NOTE

Rural municipalities often manage the majority of the region's transportation network, resource lands, agricultural lands, and future growth areas. When evaluating transportation cost-sharing proposals, councils should consider not only what services they receive, but also the valuable infrastructure and regional connectivity they already provide to neighbouring municipalities.

This is particularly important within the ICF environment, where municipalities collaborate on the delivery and funding of services that benefit residents across municipal boundaries. Before discussing how costs should be allocated, municipalities should first reach agreement on the nature of the service, the value it provides, and the resources required to deliver it.

An important consideration is the cost recovery philosophy that the partner municipalities wish to employ. Fundamentally the question is how much of the cost of provision should be paid by the service recipient and how much should be paid by the host municipality from general revenue. This debate has many facets.

One of the most critical factors is the distinction as to whether the service functions primarily as a public good or private good. Public goods generally provide large community benefits to all residents, and it is difficult to exclude people from using the service. Private goods primarily benefit specific individuals, groups, or businesses. Understanding where a service falls along this spectrum can help municipalities determine the appropriate balance between tax-supported funding, user fees, and cost-sharing contributions.

Cost Recovery Spectrum

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0% Increasing Public Benefit 100% →

100% PUBLIC BENEFIT

Implies that **ALL** efforts are conducted to create value for the ratepayers, as a whole.

100% PRIVATE BENEFIT

Implies that **NONE** of the efforts are conducted to create value for the ratepayers, as a whole.

0% Increasing Private Benefit 100% →

Municipalities should also consider whether revenues generated by the service will be used when calculating shared costs. User fees, memberships, permits, facility rentals, or other revenues may offset some or all of a service's costs.



A

Service Definition: What Is Being Shared?

TOC →

Before discussing costs, municipalities should define the scope of the service being funded. Service categories often include multiple activities that may not all be intended to form part of the cost-sharing agreement.

For example, a fire service may include emergency response, rescue services, wildfire response, inspections, fire prevention public education programs, and emergency management support. Though municipalities may agree to share the cost of some activities, they may not agree that all components should be funded collectively.

When defining a service, municipalities should consider:

- What activities are included/excluded?
- Which residents benefit from the service?
- Is the service regional or local in nature?
- Is the service mandatory or discretionary?

Without a clear definition, municipalities may have different expectations regarding their obligations, leading to disputes even if the funding formula itself is reasonable.

KEY QUESTION

What services are available to our municipal residents and does this differ from other municipal residents under this agreement?



LEADING PRACTICE FINDING

The Regional District of Bulkley-Nechako (British Columbia) recreation contribution model requires participating communities to clearly define the service being funded, catchment areas, cost-recovery tools, and maximum annual contributions before discussing specific funding amounts. This demonstrates how a well-defined framework can reduce recurring negotiations over the same issues.

B

Service Levels: What Standard Is Being Provided?

Once the service has been defined, municipalities must determine the level of service that will be provided. Service levels refer to the quality, capacity, responsiveness, and overall standard of service delivered.

Examples may include response times and staffing levels for fire services, snow clearing standards for roads, operating hours and programming levels for recreation facilities, or treatment standards and reliability targets for water utilities.

Municipalities should also distinguish between core services and enhanced services:

- Core services generally represent the minimum level required to meet legislative requirements or community needs.
- Enhanced services provide additional amenities, programming or service standards beyond the core baseline.

Rural residents are generally self reliant, having exhibited lower service level expectations than many urban inhabitants. Be sure that you are not agreeing to higher service standards than you value as part of the agreement.

Many cost-sharing disputes are not disagreements about whether a service should exist, but whether neighbouring municipalities should contribute towards features they did not request. A municipality operating a basic facility will face different costs than one providing additional amenities or higher service standards.

KEY QUESTION

To what level are these services being provided, how will this be measured and do they differ from other municipal residents under this agreement?



CASE STUDY NOTE

The MD of Willow Creek identified undefined service levels as a major source of disagreement during negotiations. The municipality found that reaching agreement on service expectations before discussing costs significantly improved transparency and reduced future disputes.



WORKBOOK CONNECTION

When evaluating service levels, municipalities should consider both user expectations and asset-management implications. The workbook notes that service-delivery discussions should examine not only today's operating costs but also lifecycle replacement costs, asset condition, and future capital requirements.

C Understanding Service Costs

After establishing service definitions and service level, municipalities can assess the costs associated with delivering that service. Fair cost-sharing depends on recognizing both what drives costs and which costs should be included in that calculation.

As noted above, cost drivers vary by service. Fire service costs may be influenced by call volume, staffing levels, and equipment requirements. Recreation costs may be influenced by attendance, operating hours, and facility size. Roads costs may be driven by traffic volumes and maintenance requirements. Cost-sharing methods should, where appropriate, reflect the factors that create or influence the costs being shared.

Municipalities should also establish a consistent approach to identifying and allocating costs, though the exact formula may be different for each service type.

While some costs can be directly attributed to a service, others are shared across the organization and require an allocation methodology to ensure that only an appropriate portion of the cost is prescribed to the service. For example, administrative support, finance, human resources, information technology, insurance, and other corporate services may contribute to service delivery even though they are not directly tied to a specific activity, but they also contribute to a host of other services that may or may not be a subject of collaboration.

Revenue generated by a service should also be considered. User fees, memberships, facility rentals, permits, and other revenue sources may offset a portion of service costs. In general, municipalities should determine shared contributions based on net costs after revenues have been deducted.

Finally, the cost allocations should also reflect the intent of cost recovery mentioned previously. It would not constitute a fair sharing model, if one partner bore an allocation of the full cost of service delivery with the other partner's share being subsidized by general revenue.

KEY QUESTION

How have service costs been calculated, is the methodology clearly documented, and has it been applied consistently?

Without a common understanding, municipalities may have very different views of what constitutes a fair contribution.



LEADING PRACTICE FINDING

The Nipawin (Saskatchewan) Regional Landfill Partnership combines stable per-capita funding with usage-based tipping fees. This hybrid approach recognizes that regional facilities have both fixed costs that benefit all participants and variable costs driven by actual service use by partners.

LEADING PRACTICE FINDING

The Queensland (Australia) Department of Transport and Main Roads transportation cost-sharing framework breaks transportation infrastructure into individual asset categories such as bridges, drainage, lighting, intersections, and pathways. Rather than treating transportation as a single service, responsibility is assigned based on ownership, function, benefit, and purpose.

D

Service Utilization, Benefits, and Future Growth

Cost-sharing arrangements should reflect both who uses a service and who benefits from it. In some cases, contributions may be linked to utilization, such as recreation attendance, fire service coverage, or water consumption. In other cases, the primary consideration may be the greater benefit a service provides to a region.

Officials should understand whether the agreement is based upon a utilization-based approach, a benefit-based approach, or a combination of both. It is essential that the chosen approach aligns with the nature of the service being funded.

Growth is another important consideration. Many shared facilities and services are designed with capacity beyond current needs. As communities grow, service demands and benefits may change, potentially affecting the fairness of existing funding arrangements. This is one of the strengths of usage-based agreements that can flex with changes in service consumption.

KEY QUESTION

Who benefits from future capacity, how will expansion costs be funded, and should future growth result in redistributed cost allocations?

CASE STUDY NOTE

Foothills County deliberately uses different allocation methods for different services, including registered-user counts for recreation and population within service catchments for fire protection. Their experience demonstrates that service utilization should be matched to the unique characteristics of each service rather than relying on a single formula for all service area.

Successful intermunicipal cost-sharing negotiations begin with a shared understanding of the service being provided, the level of service being delivered, and the full costs required to support it. Only after these elements have been clearly defined should municipalities determine how costs will be allocated.



WORKBOOK CONNECTION

Growth and land-use decisions are often among the most significant drivers of future service costs. The workbook encourages municipalities to evaluate the long-term operating, maintenance, and replacement costs associated with infrastructure needed to support anticipated growth before establishing cost-sharing arrangements.

Non-Service Considerations

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When negotiating a cost-sharing agreement, officials often focus on what service is being shared and how costs are allocated. However, many agreements become difficult to administer because insufficient attention is paid to the provisions that govern how municipalities will work together over time.

Municipal priorities, service demands, growth patterns, costs, and community needs can all change over the life of an agreement. This can be particularly important in rural Alberta, where population trends, industrial activity, assessment values, and service demands may change significantly. Agreements that clearly outline communication expectations, reporting requirements, review processes, and dispute resolution mechanisms are generally better positioned to adapt to changing circumstances.

Strong non-service provisions create trust between municipal partners and ensure that disagreements can be addressed before they affect the relationship.

A

Review and Amendment Process

An agreement should not be viewed as a static document. Conditions that exist when an agreement is signed may change considerably over time as communities grow, service demands evolve, infrastructure is expanded, or economic conditions shift.

To remain relevant and equitable, agreements should establish clear review processes, including regular financial reviews, periodic comprehensive reviews, and specific triggers for reassessment when significant changes occur.

Potential review triggers may include:

- Significant population or assessment growth
- Major changes in service demand
- Large capital investments
- Legislative or regulatory changes
- Significant changes in operating costs

KEY QUESTION

What is the schedule for the standard reviews of cost and service characteristics and what conditions would trigger an unscheduled review of the agreement?

Without regular and targeted review mechanisms, municipalities may remain locked into arrangements that no longer reflect reality which may lead to disputes.

Potential triggers need to contemplate the benefit of committed contributions and certainty over time as well as potential bona fide reasons to trigger an update to maintain equity and fairness.

B

Major Services and Cost Changes

Even when service levels remain stable, circumstances may arise that materially affect the agreement. Municipalities should establish a process for identifying, communicating, and approving significant service changes or major cost increases before they occur.

Examples may include:

- Construction of new facilities
- Major expansions to existing services
- Changes to operating hours or service levels
- Significant wage, utility, or insurance increases
- Major equipment replacement or infrastructure investments

KEY QUESTION

What constitutes a significant change to cost or service expectations that would ensure that participating municipalities are consulted?



CASE STUDY NOTE

New capital projects cannot simply be imposed on neighbouring municipalities through the ICF process. Municipal partners are expected to discuss facility design, service levels, necessity, and associated costs before establishing cost-sharing obligations for new infrastructure.

C

Reporting and Information Sharing

Successful agreements rely on ongoing communication and access to information. Municipalities contributing to a service should receive sufficient information to understand costs, service performance, and future plans.

Reporting requirements may include:

- Annual financial statements and budgets
- Service utilization and performance information
- Capital plans and reserve balances
- Growth forecasts and planning initiatives

Information sharing should be reciprocal wherever possible. Municipal partners should have a shared responsibility to provide relevant financial, planning, and growth-related information that may affect the agreement.

KEY QUESTION

What financial, planning, and service-related information will be provided by each party to the agreement and what is the schedule for this reporting?

In rural municipalities, where service delivery often spans large geographic areas and relies on long-term relationships between neighbouring communities, transparency can be as important as the funding formula itself.

D Governance and Dispute Resolution

Even strong municipal relationships experience disagreements. ICF agreements should establish clear governance and decision-making processes that support collaboration and provide a pathway for resolving disputes when they arise.

Governance structures may include joint committees, administrative working groups, periodic council-to-council meetings, or other mechanisms that promote ongoing dialogue and oversight such as appropriate escalation processes.

KEY QUESTION

What structures will be employed to manage this agreement and what will be the roles and responsibilities of the members of this structure?

Dispute resolution processes should identify how issues will be addressed, including escalation procedures, mediation options, and other formal resolution mechanisms if required.

KEY QUESTION

How will arising disputes be resolved and what is the process for initiating dispute resolution?

A clear governance framework helps municipalities address concerns early and reduces the likelihood that disagreements will escalate into larger conflicts.



CASE STUDY NOTE

Grande Prairie's Intermunicipal Collaboration Committee serves as a permanent forum for reviewing service data, resolving concerns, and negotiating future changes. Municipal participants credited the committee with helping address issues before they evolved into formal disputes.



WORKBOOK CONNECTION

Many successful ICFs continue to rely on standing intermunicipal committees after adoption. The workbook recommends meeting once or twice annually between formal reviews to monitor agreements, discuss emerging issues, and maintain intermunicipal relationships before conflicts arise.

Preparation – Evaluation of the Current Agreement

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A critical component of preparation for your next round of ICF discussions is to understand how the current arrangement has performed in practice for your residents, identify areas of concern, and establish a common foundation for future negotiations.

For rural municipalities, agreements may remain in place for many years while population patterns, assessment bases, service demands, infrastructure needs, and economic conditions continue to evolve. Reviewing past performance can help identify whether the agreement remains aligned with current realities and future needs.

An agreement "audit" should evaluate the arrangement through several key lenses, including:

- Legal and governance provisions
- Service definitions and service levels
- Financial arrangements and cost-sharing methodologies
- Data sources and growth assumptions
- Performance and value received
- Reporting and transparency requirements
- Risk management and dispute resolution processes

The objective is not to determine who was right or wrong, but to develop a shared understanding of what has worked well, what challenges have emerged, and what changes may be required moving forward.



LEGISLATIVE NOTE

Bill 50 allows neighbouring rural municipalities to mutually agree that an ICF is no longer required and provide notice to the Minister with supporting rationale. Rural municipalities may wish to evaluate whether existing rural-to-rural ICFs continue to provide sufficient value relative to the administrative effort required to maintain them.

A Evaluating the Existing Agreement

Municipalities should compare the assumptions made when the agreement was negotiated with the actual outcomes that occurred over time.

Questions to consider include:

- Have service demands changed since the agreement was established?
- Have population, assessment, or development patterns changed?
- Have costs increased or decreased as anticipated?
- Have municipalities received the level of service that was originally expected?
- Are residents using the service and are they satisfied with services received?
- Have reporting, communication, and governance processes functioned effectively?

Differences between projected and actual outcomes are not necessarily indications of a poor agreement. However, understanding why those differences occurred can help municipalities refine assumptions and improve future arrangements.

B Identifying Scope and Service Changes

Services can evolve beyond what was originally contemplated. New programs may be added, service standards may increase, infrastructure may be expanded, or responsibilities may shift between municipalities.

This type of gradual change is often referred to as “scope creep” and can create uncertainty regarding what municipalities have agreed to fund.

Municipalities should assess whether:

- Do services that are being delivered today match the original agreement?
- Has service demand by residents increased or declined?
- Have service levels changed over time?
- Have new activities or responsibilities been added?
- Do the municipal partners share a common understanding of what is currently being funded?

C

Reviewing Costing and Cost Allocation

An agreement evaluation should also examine whether current financial arrangements, and cost calculations, where employed, accurately reflect the cost of providing the service.

This includes reviewing cost assumptions, allocation methodologies, treatment of revenues, and any changes that may affect long-term sustainability. Municipalities should consider whether the current funding approach remains aligned with service utilization, benefits received, and each municipality's circumstances.

Particular attention should be paid to questions such as:

- Do cost calculations reasonably represent the cost of providing the service?
- Does the cost-sharing formula continue to reflect service usage or benefits/value received by residents?
- Are lump-sum contributions still appropriate?
- Have changes in growth, assessment, or demand altered the fairness of the arrangement?

KEY QUESTION

Is the existing formula suitable or should adjustments be considered?



CASE STUDY NOTE

Northern Sunrise County's experience suggests that predictable lump-sum contributions can be simple to administer but may gradually lose connection to actual service costs and utilization. The County is now exploring more data-informed approaches to improve transparency and long-term equity.

A thorough evaluation of the existing agreement helps municipalities enter negotiations with a clear understanding of the strengths, weaknesses, and risks (or benefits) associated with the current arrangement. Through this review, municipalities can focus negotiations on the issues that matter most and develop agreements that are better positioned to meet future needs.

WORKBOOK CONNECTION

Not every service requires immediate resolution during an ICF review. The workbook highlights that municipalities may identify future studies, implementation plans, or follow-up investigations within an approved ICF provided responsibilities, deliverables, and timelines are clearly documented.



4.
NEGOTIATION STRATEGY

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NEGOTIATION STRATEGY

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When preparing to negotiate an ICF, elected officials should recognize that effective negotiation is not about achieving the lowest possible cost and greatest possible benefit for their municipality and its residents. The objective is to develop an agreement that is fair, defensible, sustainable, evidence-based, and capable of supporting positive intermunicipal relationships over the long term.

Successful negotiations are often won before the parties enter the room. Preparation, analysis, and a clear understanding of objectives frequently have a greater impact on the outcome than the discussions themselves.

One of the most important negotiation principles is understanding the difference between a position and an interest. A position is what a municipality says it wants, while an interest is the underlying reason behind that position. Negotiations that focus only on positions can become adversarial, while negotiations that explore interests often reveal opportunities for compromise and mutually beneficial solutions.

As noted previously, the new legislation allows rural municipalities to revoke existing ICF agreements with their rural neighbours if they are in mutual agreement. If based on the evaluation of a current rural-rural agreement, you feel it is no longer warranted, this can be a basis of negotiations as well.

Develop Clear Negotiation Objectives

Before entering negotiations, councils should determine what they hope to achieve and where flexibility exists. Without clear objectives, negotiations can become reactive and driven by the proposals of other parties.

Councils should identify:

- Desired outcomes
- Acceptable outcomes
- Unacceptable outcomes
- Areas where compromise may be possible
- Issues that are fundamentally non-negotiable

Objectives may include maintaining existing service arrangements, changing a funding formula, updating data sources, modifying service levels, revoking or replacing an existing agreement altogether.

KEY QUESTION

What outcomes are essential, and where is the municipality willing to be flexible?

Understand the Other Municipalities' Interests

TOC →

Strong negotiators spend as much time understanding the other municipality's case as they do preparing their own. Negotiations are generally more successful when parties understand not only what the other party wants, but also why they want it.

Factors that may influence another municipality's position include:

- Growth pressures
- Financial constraints
- Infrastructure needs
- Service demands
- Political priorities
- Taxpayer expectations

Municipalities should also consider the other party's overall negotiating objectives: Is the municipality seeking to maintain the current arrangement, modify it, or replace it entirely? How do these objectives align with or conflict with their own?

If you perceive this to be a contentious relationship or feel that there is a distinct power imbalance you may want to consider the use of an external facilitator early to foster the relationship and own the process.

KEY QUESTION

What problem is the other municipality trying to solve?

In general, rural municipalities enter into discussions about the future of an agreement with a clear understanding of what they would like to get out of the process. Having a good understanding of the other municipalities' objectives is critical for determining the best overall strategic approach:

Negotiation Strategy Matrix

		COUNTERPARTS DESIRED OUTCOME	
		Extend/Revoke	Renegotiate
RURAL DESIRED OUTCOME	Extend	Strategy 1 **Renew**	Strategy 2 **Focus on Challenges**
	Renegotiate	Strategy 3 **Focus on Logic**	Strategy 4 **Focus on Process**

STRATEGY 1

Rural: Extend | Counterpart: Extend/Revoke

TOC →

Renew – Both parties are generally comfortable with the existing agreement and don't feel that there will be material gain in benefit or reduction in cost. Focus on the **renewal** of the agreement with mutual gains on non-service, non-financial aspects such as term, reporting, data collection or trigger points to reopen the discussions.

STRATEGY 2

Rural: Extend | Counterpart: Renegotiate

Focus on Challenges – If you would like to extend the current agreement but your counterpart seems intent to renegotiate the agreement, you can take the approach to focus on the challenges that such an undertaking will require. There is only a short window for completion of the agreements and to propose, test and ratify significant change appropriately will take substantial time and effort that is not available.

STRATEGY 3

Rural: Renegotiate | Counterpart: Extend/Revoke

Focus on Logic – If you are in a situation where your urban party is requesting a straightforward extension of the agreement, but your overall objectives will require a substantial change, you may want to ground your discussions in the underlying logic of your objectives. Depending on your objectives, this may take the form of "The current agreement is based on a negotiated flat amount that has no basis in actual service consumption.", "The data that we are using is outdated and not actually reflective of the terms in the current agreement", or "Our current agreement is based on factors unrelated to actual service usage like equalized assessment."

STRATEGY 4

Rural: Renegotiate | Counterpart: Renegotiate

Focus on Process – If both parties are looking for a fundamental renegotiation of the agreement, your strategy is best to hone-in on a process (like the one provided in this document) that provides a step-by-step means to defining, testing, presenting and ratifying an objective, usage-based approach that will meet your objectives.

There is also the unique instance of the potential to revoke rural-rural agreements. You should also assess your own and your counterpart's position on revoking that agreement and follow a similar negotiating strategy as the renew path.

KEY QUESTION

Where do your objectives for the agreement align with, or differ from, those of the other municipality?

Determine Bargaining Leverage

TOC →

Many ICF discussions focus on services and amenities accessed by rural residents within urban municipalities. While those benefits are important, rural municipalities should also emphasize the value they provide in return to their urban neighbours.

This value may be direct, such as:

- Road connections, regional transportation networks, and feeder road maintenance
- Emergency response support and mutual aid agreements
- Recreation amenities such as parks, campgrounds, trails, and outdoor recreation areas
- Regional tourism and destination development assets
- Future land supply
- Natural areas, conservation lands, and public access to open spaces

It may also be an indirect value, such as:

- Employment opportunities
- Agricultural and industrial activity
- Regional economic development and investment attraction
- Availability of fire service
- Future growth opportunities

Viewing the relationship as a two-way partnership rather than a one-way service arrangement helps create a more balanced discussion and improve negotiation outcomes. ②

KEY QUESTION

What benefits does your municipality contribute to the relationship?



SPECIAL INTEREST TO RURALS NOTE

ICF negotiations often focus on recreation facilities, water systems, or emergency services located in urban communities. Councils should also identify and communicate the regional value of county-provided services such as roads, emergency management, agricultural services, employment, economic development support, and rural fire protection when discussing mutual benefit.

CASE STUDY NOTE

Camrose County's negotiations improved substantially when discussions shifted from defending historical positions to identifying mutual regional benefits. Improved relationships, new leadership, and a willingness to separate policy discussions from operational agreements contributed to more productive outcomes.

Use Data Before Opinions

Negotiations should be supported by evidence rather than assumptions, anecdotes, or historical grievances. Reliable data often ensures discussions remain focused on facts rather than perceptions.

Relevant information may include:

- Audited financial information
- Service utilization data
- Geofencing - use cell phone data to determine users
- Population and assessment statistics
- Growth projections
- Asset management information
- Service performance measures

The strongest arguments are supported by information that is credible. Where possible, municipalities should document assumptions and be prepared to explain how conclusions were reached.

KEY QUESTION

What data-driven evidence supports your position?

SPECIAL INTEREST TO RURALS NOTE

Questioning assumptions, requesting supporting data, and scrutinizing cost calculations are not signs of obstruction. Rural municipalities are often responsible for maintaining extensive infrastructure networks with limited populations and have a well-established obligation to ensure that shared service costs are transparent, defendable, and proportionate to the benefits received by residents.

Understand Your BATNA

TOC →

A core negotiation concept is the Best Alternative to a Negotiated Agreement (BATNA). Simply put, what happens if no agreement is reached? Council should understand what options exist if negotiations do not result in an agreement.

Alternatives may include:

Continuing an existing lumpsum or cost calculation arrangement

Delivering services independently

Seeking facilitation and/or mediation, and where necessary enter into dispute-resolution processes where applicable

Knowing these alternatives helps councils evaluate proposals realistically. A proposal should generally be measured against available alternatives rather than against an ideal outcome that may not be achievable. Negotiators who understand their BATNA are often best positioned to reject unfavourable proposals and identify better opportunities for compromise.

KEY QUESTION

Is the proposed agreement better than your alternatives? What are the risks of replacing the current agreement with a new CCM-based formula? Is the municipality better off simply adjusting the lump sum?



SURVEY FINDINGS

Most respondents do not expect arbitration to be necessary, with 66.7% describing arbitration as unlikely or very unlikely. Respondents nevertheless identified eligible costs, capital contributions, revenue sharing, and oversight of service-provider expenses as the issues most likely to reach arbitration if disputes arise.

Prepare Financial Scenarios

TOC →

Before negotiations begin, municipalities should understand the financial implications of a range of potential outcomes. Evaluating multiple options allows councils to identify opportunities, risks, and trade-offs before final decisions are required.

Examples may include:

- Population-based cost allocation
- Usage-based cost allocation
- Hybrid formulas incorporating multiple variables

For each scenario, municipalities should consider:

- Estimated municipal contribution
- Tax implications
- Long-term financial impacts
- Distribution of benefits and costs
- Key assumptions

Documenting assumptions is especially important, as different assumptions often explain why municipalities arrive at different conclusions regarding fairness and affordability.

KEY QUESTION

How does your municipality perform under different cost-sharing models?

Anticipate Political Pressures

Agreements of this nature always operate within political constraints. Officials should recognize that negotiation positions are often influenced by factors beyond the technical details of the agreement.

Potential influences include:

- Legislated deadlines
- Election cycles
- Community expectations
- Ratepayer concerns
- Economic conditions
- Growth pressures
- Previous public commitments

Navigating these pressures allows municipalities to interpret negotiating behaviour more accurately and to identify solutions that are politically achievable. Strong negotiators recognize that political realities often shape negotiating decisions just as much as financial considerations.

KEY QUESTION

What political pressures may influence the decisions of the involved municipalities?

Prepare a Communication Strategy

Negotiations do not occur solely at the negotiation table. Officials should jointly consider how information will be communicated throughout the process and how the final agreement will be explained to residents and stakeholders.

Communication planning may include:

- Concurrent public messaging
- Stakeholder engagement
- Media inquiries and responses
- Council communications
- Key messages regarding costs and benefits

A strong agreement may still fail if its purpose, benefits, and costs are not clearly communicated. Councils should be prepared to explain why the agreement is fair, how decisions were made, and what value residents are expected to receive.

KEY QUESTION

Can residents clearly understand why the agreement is in their best interests?

Understand the Cost of Delay

Municipalities naturally seek the best possible outcome during negotiations. However, focusing exclusively on reducing costs may inadvertently create additional costs from the prolonged negotiations.

Extended negotiations may result in:

- Relationship strain
- Budget uncertainty
- Administrative costs
- Increased legal or advisory costs
- Delayed decision-making
- Resident acrimony
- Missed opportunities

Negotiators should periodically assess whether persevering with continued negotiations will produce marginal improvements or whether a practical agreement is more beneficial than prolonging the process. Such revelations may also have you consider whether or not to accept an interim solution in this agreement with the intent to pursue the overall objectives in subsequent rounds of negotiations.

KEY QUESTION

Pragmatically, are the potential benefits of continued negotiations greater than the costs of delay?



Think Long-Term

Perhaps the most important negotiation principle is to focus on the long-term sustainability of the agreement rather than the next budget cycle.



SPECIAL INTEREST TO RURALS NOTE

Most successful ICF negotiations are built on long-term relationships rather than short-term funding disputes. Urban municipalities often rely on county cooperation for future growth, transportation connections, servicing opportunities, economic development, and emergency response coordination, making the relationship fundamentally one of partnership rather than dependency.

Municipal circumstances will inevitably change over time. These changes can come in the form of:

- Population growth (or decline)
- Economic conditions
- Assessment changes
- Future council members
- Service demands

When evaluating potential agreements, councils should consider:

- Will the agreement remain fair as conditions change?
- Will it still work if assessments shift?
- Can future councils administer it easily?
- Does it encourage cooperations between municipalities?

5.
WRITING THE AGREEMENT

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WRITING THE AGREEMENT

TOC →

When drafting an Intermunicipal Collaboration Framework (ICF), municipalities should assume that the individuals interpreting the agreement in the future will not be the people who negotiated it. Five years from now, the agreement may be reviewed by a new council, a new CAO, legal counsel, a mediator, or an arbitrator with no knowledge of the original discussions and intent of the agreement. The agreement must therefore stand on its own.

Experience from municipalities across Alberta demonstrates that many intermunicipal disputes do not arise because the parties disagree about collaboration. Rather, disputes frequently emerge because the agreement fails to clearly define services, responsibilities, calculations, approval requirements, or data sources. Municipalities have repeatedly emphasized that strong relationships are important, but clear written agreements are what preserve and protect those relationships when leadership, economic conditions, priorities, or service demands change. Ambiguity in cost calculations, service definitions, and governance responsibilities are identified as recurring challenges, particularly where agreements relied on assumptions rather than documented processes.

The objective of arbitration-proofing is not to create a longer agreement. The objective is to create an agreement that can be interpreted consistently by an independent third party without relying on institutional memory or verbal understandings.

A useful test is to ask:

- What is being funded?
- Who is responsible for funding it?
- How is the amount calculated?
- When and how is payment made?
- What happens if circumstances change?

KEY QUESTION

Does the agreement clearly answer these questions making future disputes less likely.

Define Every Important Term

Definitions are often the most overlooked component of an agreement. Municipalities frequently use common terms while attaching different meanings to them.

Examples include:

- Service user
- Recreation facility
- Administrative overhead
- Capital expenditure
- Major project
- Fire services
- Emergency Services
- Lifecycle costs
- Reserve contribution

For example, one municipality may view “fire services” as emergency response only, while another may include prevention inspections, public education, training, emergency management, and equipment replacement.

Municipalities should ensure that key definitions are precise enough that two independent readers would arrive at the same interpretation.

KEY QUESTION

Would a future council or arbitrator define this term the same way the negotiating parties intended?

Use Objective Language

Subjective language creates opportunities for disagreement.

Words such as:

- Reasonable
- Fair
- Significant
- Adequate
- Appropriate
- Material
- Substantial

may appear harmless during negotiations but become difficult to interpret later.

Instead of requiring notification of a “significant” increase in costs, consider specifying:

“Notification shall be provided if annual operating costs increase by more than 15 percent from the previous fiscal year.”

Objective language reduces the need for interpretation and allows future administrators to determine compliance using measurable criteria.

KEY QUESTION

Can this requirement be independently measured and verified?

Identify the Exact Data Sources

Many intermunicipal disagreements occur because municipalities agree on a formula but later disagree on the data used to populate the formula.

Agreements should clearly specify:

- Which population source will be used
- Which assessment source will be used
- Which utilization data will be recognized
- How information will be collected
- When data will be updated

For example:

> "Population shall be determined using the annual Alberta Municipal Affairs Population List published on January 1 of each year."

or

> "Recreation utilization shall be based on annual registered user data collected through the facility registration system."

KEY QUESTION

Could another municipality reproduce the same calculation using the information provided?

Attach Schedules

TOC →

Agreements should remain readable.

Detailed technical information can be moved into schedules, including:

- Cost allocation formulas
- Service boundary maps
- Facility inventories
- Reporting templates
- Costing methodologies
- Sample calculations

Schedules provide flexibility. Municipalities can update supporting information without renegotiating the entire agreement.

KEY QUESTION

Does this information belong in the body of the agreement or in a schedule?



CASE STUDY NOTE

Several Alberta municipalities reported that overly detailed ICFs became difficult to administer and occasionally conflicted with supporting service agreements. Camrose County's preferred approach is to keep the ICF focused on governance and framework obligations while placing technical calculations, service details, and funding mechanics in separate schedules in companion agreements. This allows agreements to be modified, when appropriate, without the need to amend bylaws with three readings.

State Exactly Which Costs Are Included

TOC →

Cost ambiguity is one of the most common causes of future conflict.

A municipality may agree to share operating costs but may have a different understanding of what those costs include.

Agreements should clearly identify included and excluded costs.

Examples of included costs may be:

- Salaries and benefits
- Utilities
- Insurance
- Fleet expenses
- Supplies
- Administrative support
- Building maintenance
- Debt servicing
- Reserve contributions

Examples of possible exclusions may include:

- Growth-related expansion costs
- Extraordinary capital projects
- Grants funded from third-party sources
- Costs incurred before the agreement takes effect

KEY QUESTION

Could someone read this section and immediately determine which costs are shared?`

TOC →

Distinguish Between Operating, Capital and Other Non-Operating Costs

Operating and capital costs should always be treated as separate considerations.

Operating costs generally include:

- Staffing
- Supplies
- Utilities
- Fuel
- Maintenance

Capital costs generally include:

- Facility construction
- Major equipment replacement
- Major expansions
- Infrastructure upgrades

Other Non-Operating Costs could include:

- Debt servicing and borrowing costs
- Principal and interest payments related to financed assets
- Other costs that support shared service delivery but are not considered operating or capital expenditures

Many intermunicipal disputes emerge not from operating budgets but from major capital projects. The inclusion of other non-operating costs could further complicate agreements.

Agreements should clearly identify:

- Required consultation
- Contribution timing
- Approval processes
- Ownership considerations
- Cost-sharing methods
- Future replacement responsibilities

KEY QUESTION

Could future councils clearly distinguish between the different cost obligations?

Define Approval Thresholds

TOC →

Not every decision requires approval from all participating municipalities.

However, agreements should establish thresholds that trigger consultation or approval.

Examples include:

- Cost increases exceeding a specified percentage
- Capital projects exceeding a specific dollar value
- Significant service-level changes
- Expansion of facilities
- New services being added

Without defined thresholds, municipalities risk unilateral decisions creating financial obligations for neighbouring partners.

KEY QUESTION

When must municipalities consult one another, and when is approval required?

Build in Review Triggers

TOC →

Many agreements include five-year reviews. While important, fixed review dates may not be enough.

Municipal conditions can change significantly between scheduled reviews.

Additional review triggers may include:

- Population growth beyond a specified threshold
- Major industrial development
- Significant changes in service demand
- Cost increases beyond an agreed percentage
- Legislative changes
- Major infrastructure expansion

For example:

> "A review shall occur if annual service costs increase by more than 15 percent over the previous year."

or

> "If actual costs are 10% greater than projected a true-up amount will be included in the Q4 Installment."

Review triggers allow agreements to evolve before disagreements develop.

KEY QUESTION

What events should automatically prompt reconsideration of the agreement?

Make Reporting Requirements Specific

TOC →

Reporting provisions should answer four questions:

- What information is required?
- When is it provided?
- Who provides it?
- How often is it updated?

Examples include:

- Annual audited financial statements
- Capital plans
- Utilization statistics
- Asset condition information
- Reserve balances
- Service performance indicators

Vague reporting expectations often become unenforceable.

KEY QUESTION

Would future administrators know exactly what information must be delivered and when?

Include Examples of Calculations

Some of the strongest agreements contain sample calculations with examples that show:

- How formulas are applied
- How variables interact
- What outcomes are intended

Examples are particularly valuable when formulas combine:

- Population
- Assessment
- Utilization
- Growth factors
- Shared costs

Future councils, administrators, auditors, mediators, and arbitrators can use examples to verify whether calculations are being applied correctly.

KEY QUESTION

Could someone recreate the intended calculation step-by-step?

Avoid Aspirational Language

TOC →

Statements of intent have value, but operational clauses should create obligations.

Phrases such as:

- The parties shall act reasonably.
- Costs shall be shared fairly.
- The service level shall be appropriate.

One of the challenges with aspirational language is that it may not provide enough direction to be enforceable.

Replace aspiration with measurable requirements wherever possible.

A strong agreement should identify actions, responsibilities, timelines, thresholds, and outcomes.

For example:

> "The cost of Utilities, Telecommunication and Insurance at curling rink will be shared proportionally based on where membership resides."

KEY QUESTION

Does this clause create a specific obligation or merely express a hope?

Write for Future Readers

TOC →

One of the most important drafting principles is to write for the people who were not present during negotiations.

Municipal leadership changes regularly. Councils, CAOs, finance directors, and legal advisors may all change multiple times during the life of an agreement.

If a clause relies on verbal explanations, historical knowledge, or institutional memory, it is unlikely to withstand future challenges.

KEY QUESTION

Would someone unfamiliar with these negotiations understand how to administer this provision?

WORKBOOK CONNECTION

A strong ICF should be understandable to future councils, administrators, and arbitrators who were not involved in the negotiations. The workbook recommends clearly identifying services, lead municipalities, funding arrangements, governance responsibilities, and review processes within the framework itself while leaving operational details to supporting agreements.



Update the Dispute Resolution Process

TOC →

Disagreements are inevitable. Well-written agreements recognize this reality and provide a clear pathway for resolution.

Municipalities should clearly document:

- How disputes are identified
- Escalation processes and necessary action (e.g.: a resolution of council)
- Administrative review procedures
- Mediation requirements
- Arbitration procedures
- Responsibilities during disputes

The best dispute-resolution process is one that is understood before a dispute occurs.

KEY QUESTION

If a disagreement arose tomorrow, would every party understand exactly how it would be resolved?

A well-written ICF or cost-sharing agreement should not depend on trust, memory, or the continued involvement of the people who drafted it. Strong agreements rely on clearly defined services, transparent calculations, objective language, verifiable data, and documented processes. If a completely new council, administrator, mediator, or arbitrator can interpret the agreement consistently ten years from now, the agreement has likely been drafted well.



WORKBOOK CONNECTION

Not every disagreement should proceed directly to arbitration. The Conflict Resolution Spectrum in the workbook illustrates a progressive series of resolution options, helping municipalities design a dispute resolution process that encourages issues to be resolved at the lowest appropriate level before escalating to more formal and costly mechanisms.



CASE STUDY NOTE

Several case studies highlighted the value of facilitation, mediation, and structured governance processes in to manage difficult discussions resolving disagreements before relationships deteriorated. Municipalities such as Foothills County, Willow Creek, and Northern Sunrise County identified facilitation as a critical factor in achieving successful outcomes.

6.
FINAL THOUGHTS



FINAL THOUGHTS

TOC →

As you continue your ICF journey, continue to realize that these can be crucial agreements that can strengthen service to your residents but also form a significant commitment for your municipality. There is no one formula that will provide you with an appropriate, bullet-proof solution but all successful agreements share the following principles:

① FAIRNESS

Contributions should reasonably reflect benefits received and costs attributable to the service.

② TRANSPARENCY

Each municipality should be able to understand and verify the calculation.

③ PROPORTIONALITY

The sophistication of the methodology should be proportionate to the value and complexity of the service.

④ SIMPLICITY

The formula should be explainable in plain language.

⑤ SERVICE-SPECIFICITY

Different services may require different allocation methodologies.

⑥ DATA PRACTICALITY

The model should rely on data that can realistically be collected and maintained.

⑦ GOVERNANCE ALIGNMENT

Financial responsibility should be reasonably aligned with decision-making authority.

⑧ CAPITAL CLARITY

Operating and capital costs should be explicitly distinguished.

⑨ PREDICTABILITY

Municipalities should be able to budget with reasonable confidence.

⑩ ADAPTABILITY

The model should have defined mechanisms for responding to material changes.

⑪ RELATIONSHIP

The process should promote cooperation rather than create incentives for municipalities to litigate every cost.

⑫ PROPORTIONALITY OF ADMINISTRATION

The cost of collecting data and administering the CCM should not exceed the value of the improved allocation.

7.
APPENDICES

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APPENDIX 1

Introduction

> This pathway document takes a strategic approach at how to prepare and pursue the development of an evidence-based cost calculation model to attribute the expenses associated with service delivery under an Intermunicipal Collaboration Framework with a neighbouring municipality. It provides three distinct strategic paths for rural municipalities to follow to achieve your joint service delivery goals:
>
> - Revoke the current agreement,
> - Extend the current agreement with minor if any adjustments, or
> - Make major revisions by recrafting the current agreement.

Each of these paths will require Councils to discuss, debate and coalesce on a series of questions that will guide not only 'what' success will look like but also 'how' you will pursue it. The final resource from this project will provide a number of documents with questions, suggestions and examples to guide and prompt thought at distinct points in the journey.

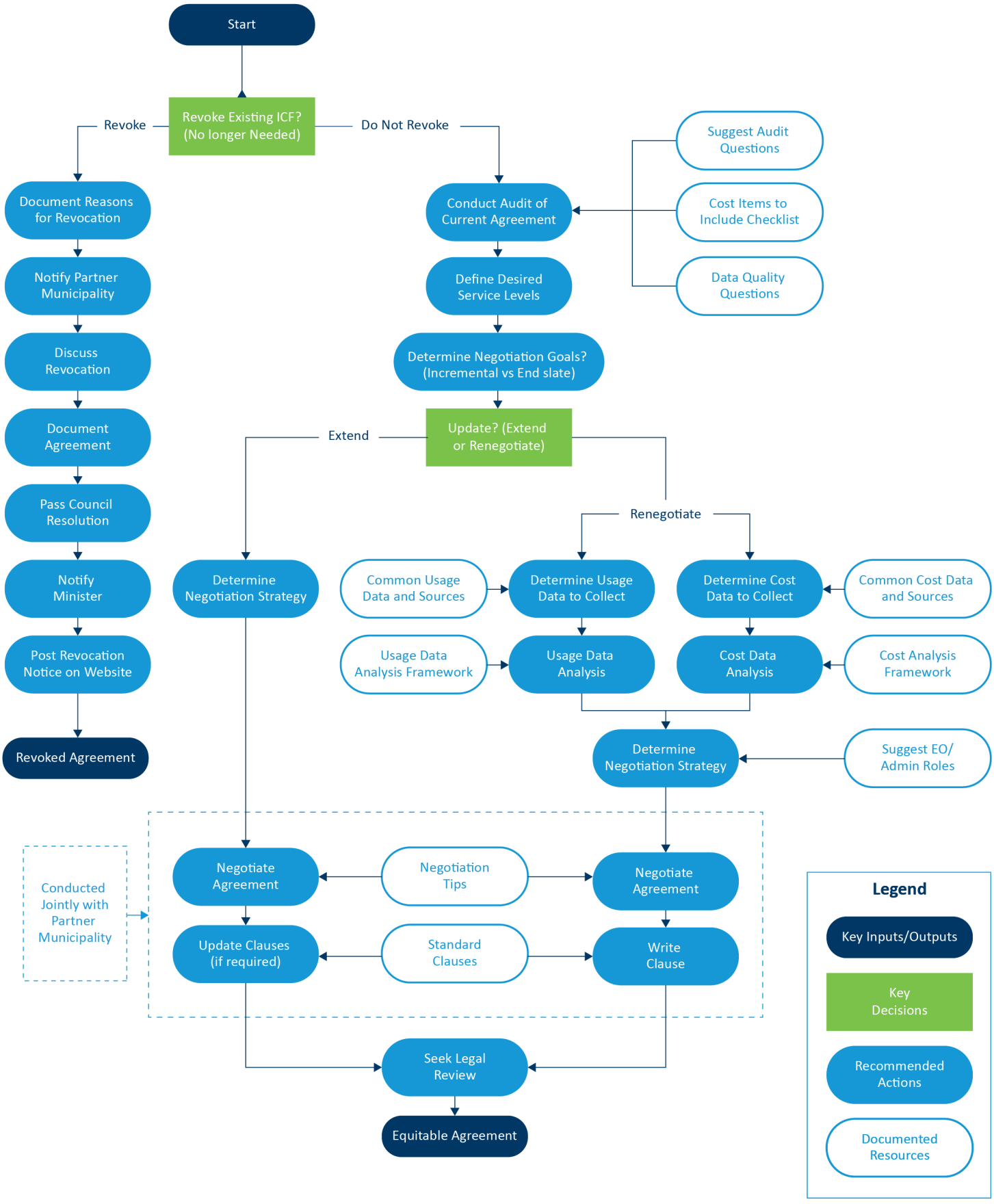
It has been developed to consider the diversity in the RMA membership. Each recommended action can be scaled to fit each member's capacity and access to resources (human, data and financial). The support documents referenced will be built to explicitly outline options for answering the strategic questions and meeting the intended goals.

This is not a recipe card to follow lock step. In fact, though the pathway is portrayed in a linear, sequential fashion, it should be assumed that the actual negotiating process may involve a more cyclical path requiring you to revisit previous steps to clarify or change your perspectives as new information is shared.

Overall, it is important to recognize that this is a negotiation. It is driven as much by personality and style as it is data and logic. The best argument does not always win the day. Your counterparts have goals to achieve as well. The best defence is careful and thorough preparation and a willingness to be clear in your intentions and expectations, including an understanding of where you are willing to give ground and where you are not.

Cost Calculation Model Pathway

TOC →



Pathway Details

TOC →

The description below expands on the graphic version of the pathway, providing a description of each node and summary of some key points associated with the decision, action or resource.

Key Input | Key Decision | Recommended Action | Documented Resource

Start

Entry point to the pathway process.

KEY POINT

Begin the process with a meeting of Council and Administration to outline the approach and manage expectations.

Revoke existing ICF? (No Longer Needed)

Decision on whether the existing Intermunicipal Collaborative Framework (ICF) should be revoked because it is no longer required.

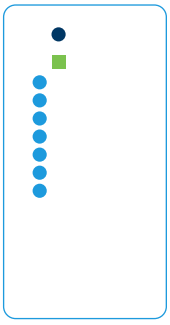
KEY POINT

Due to changes in the MGA ICFs are not required where mutual consent exists between rural partners. Is this something that you wish to pursue?

REVOKE PATH

KEY POINT

Begin the process with a meeting of Council and Administration to outline the approach and manage expectations.



Document Reasons for Revocation

Entry point to the pathway process.

Notify Partner Municipality

Advise the partner municipality that a revocation process is underway.

Discuss Revocation

If there is mutual agreement to revoke, ensure consistency on reasons and language.

Document Agreement

Finalize and formally document that both parties agree to revoke the agreement.

Pass Council Resolution

Because ICFs are approved by Bylaw, each municipality rescinds the bylaw with 3 resolutions.

Notify Minister

Inform the Minister that the agreement is being revoked.

Post Revocation Notice on Website

Under MGA, s 708.28(1.4)(c). the municipalities are required to post a notice of revocation on their website.

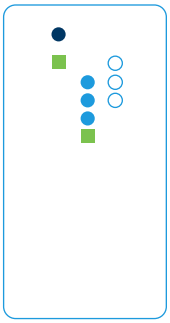
Revoked Agreement

If there is mutual agreement to revoke, ensure consistency on reasons and language.

KEY POINT

Begin the process with a meeting of Council and Administration to outline the approach and manage expectations.

DO NOT REVOKE PATH



Conduct Audit of Current Agreement

Review the current agreement to identify strengths, weaknesses, costs, usage patterns, and improvement opportunities.

KEY POINT

Begin the process with a meeting of Council and Administration to outline the approach and manage expectations.

Suggested Audit Questions

Reference questions to guide the audit and evaluation process.

KEY POINT

Compare expected contribution to actual contributions, expected service levels to actual, expected usage volumes to actual, etc.

Cost Items to Include Checklist

Checklist of cost categories that should be considered in the analysis.

KEY POINT

Was there a cost calculation or a negotiated lump sum? What was included in the cost to be shared? In hindsight are they appropriate? Are there better items to include?

Data Quality Questions

Resource for assessing the completeness, accuracy, and reliability of available data.

KEY POINT

What were the data sources for any formula calculations? Are these data appropriate? Were actual values used or proxies? Have new data sources emerged that would be more appropriate?

Define Desired Service Levels

Establish the target service standards and outcomes that the agreement should support.

KEY POINT

What services does your municipality want for your residents out of this agreement? How would you describe the outcomes and levels of service expected? How will you track these levels?

Determine Negotiation Goals (Incremental vs End State?)

Decide whether negotiations should focus on incremental improvements or a desired end-state arrangement.

KEY POINT

Will you try to get an agreement to your final desired end state in this agreement or are you trying to make incremental gains that will eventually get you there?

Status Quo or Update Agreement?

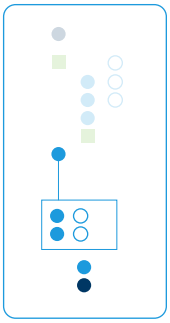
Determine whether to maintain the current agreement or pursue revisions.

KEY POINT

Is the expected effort, cost and relationship impact of pursuing desired revisions toward you goals worth it? What is the likelihood of achieving your desired revisions?

Determine Negotiation Strategy

Develop an approach for discussions aimed at extending/retaining/maintaining the current arrangement.



KEY POINT

If the audit of the agreement suggests that continuation can be palatable to your municipality, it can be used as a strategic concession to drive benefit through changes in other agreements under the ICF. How will you present your acceptance of the Status Quo?

Negotiate Agreement

Conduct negotiations regarding continuation of the existing agreement.

KEY POINT

While you may desire to retain the existing structure or formulas of the agreement, there is an opportunity to make subtle changes to the language used to better reflect practice.

Negotiation Tips

Guidance and best practices to support effective negotiations.

KEY POINT

This resource will provide techniques that can be used to frame your position in a manner that relies on data and logic and can make agreement more appealing.

Update Clauses (if required)

Revise existing clauses to reflect negotiated changes.

KEY POINT

Ensure that the wording of the agreement clauses aligns with the intent of the agreement. Has the past success been tied to how the agreement is worded or is it based on practices that are not included?

Seek Legal Review

If clauses have been updated, legal review should be considered.

KEY POINT

Even minor changes in language, reporting or measures can have long term impacts. Change may necessitate legal review.

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Equitable Agreement

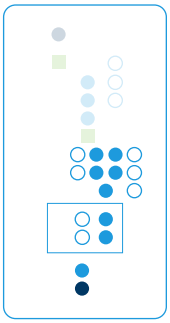
Intended outcome of negotiations: a fair and balanced agreement for all parties.

KEY POINT

Again, make sure to document process. Not just what was achieved but how and why it occurred.

RENEGOTIATE PATH

Determine Usage Data to Collect



Identify the level of service and service usage information required to support negotiations.

KEY POINT

Cost based formulas should be driven by actual usage. Focus on data and sources that are objective and directly drive the volume and quality of the services provided.

Common Usage Data and Sources

Reference listing typical usage metrics and where those data can be obtained.

KEY POINT

This resource outlines some common usage statistics that are captured by Alberta local governments with special attention to the size and maturity of your negotiation counterpart.

Usage Data Analysis

Output resulting from analysis of service usage information.

KEY POINT

Once usage data is confirmed, an analysis should be conducted from your standpoint before 'bringing it to the table' in your discussion with your counterpart. Understand the implications of the usage data before you make it part of the negotiations. Also, assess your comfort with the use of 3rd party data or a 3rd party provider of data.

Usage Data Analysis Framework

Methodology or framework used to evaluate and interpret usage data.

KEY POINT

This resource provides some standard means to analyze and incorporate usage data into CCM calculations.

Determine Cost Data to Collect

Identify the financial and cost information required to support negotiations.

KEY POINT

The scope of costs related to formulae in agreements can exceed what can be reasonably directed to the provision of the service. It is worthwhile to examine and assess the categories of cost included in the calculations.

Common Cost Data and Sources

Reference listing common cost elements and data sources.

KEY POINT

This resource reviews the common cost data that municipalities collect and use in CCMs.

Cost Data Analysis

Output resulting from analysis of financial and cost information.

KEY POINT

Access to and comparison with your partner's financial data can be challenging. Preparing an investigation of your interpretation of service costs should be conducted with a view to provide clear instructions on how the other municipality could provide a comparable analysis.

Cost Analysis Framework

Methodology or framework used to evaluate and interpret cost data.

KEY POINT

This will provide a means to organize and analyze cost data for inclusion in a CCM. A component will also discuss the aspects of service revenue that should be discussed and incorporated to allocate net cost to the parties.

Determine Negotiation Strategy

Develop an approach for discussions aimed at maintaining the current arrangement.

KEY POINT

Conducting 'shadow analysis' of your counterpart's usage and financial situation can give you an advantage in the discussion regarding cost allocation.

Suggested EO/ Admin Roles

Resource describing the required roles during the negotiation process that should be ascribed as part of the formation of a negotiation strategy.

KEY POINT

There are a variety of roles that Elected Officials and Administration staff may take on for the negotiation. This resource will provide a synopsis of the common roles and the strengths and weaknesses of them being taken on by Elected Officials and Administration staff.

Negotiate Agreement

Conduct negotiations regarding revisions to the agreement.

KEY POINT

Determining what elements of the services that you are willing to compromise on and which you are steadfast in, gives power to your negotiating team. It shows that they have the ability to make decisions at the table and can enhance the speed and effectiveness of discussion.

Negotiation Tips

Guidance and best practices to support effective negotiations.

KEY POINT

This resource will provide techniques that can be used to frame your position in a manner that relies on data and logic and can make agreement more appealing.

Write Clauses

Draft agreement clauses based on negotiation outcomes and analysis.

KEY POINT

The wording and nature of the language used in agreements can become the basis for future disagreements on interpretation and potentially, the fuel for arbitration. Careful attention to the intent and wording is paramount.

Standard Clauses

Repository of standard contractual language that may be incorporated into agreements.

KEY POINT

Though certainly not exhaustive, this resource will provide some standard language for common clauses. Special emphasis is placed on how to word elements of data provision and ‘sunset’ clauses on agreement aspects.

Seek Legal Review

Legal review should be considered.

KEY POINT

The use of language, reporting requirements or data collection commitments can have long term impacts. Change may necessitate legal review.

Equitable Agreement

Intended outcome of negotiations: a fair and balanced agreement for all parties.

KEY POINT

Again, make sure to document process. Not just what was achieved but how and why it occurred.

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APPENDIX 2

Cost Calculation Model - Do's & Don'ts

Discussions with RMA Members suggested that successful ICF cost sharing is less about finding the mathematically perfect formula and more about establishing a transparent, mutually understood, service-specific and governable way of determining a fair share of costs.

The most important "Do's"

- ✓ Do build the relationship before negotiating the formula.
- ✓ Do establish rules of engagement.
- ✓ Do define the service and service level first.
- ✓ Do open the books.
- ✓ Do confirm that a demonstrable intermunicipal benefit exists before discussing cost sharing.
- ✓ Do agree on the data before trying to determine the formula.
- ✓ Do use the simplest defensible methodology.
- ✓ Do tailor the methodology to the service.
- ✓ Do distinguish among operating, capital and non-operating costs.
- ✓ Do align financial contribution with governance rights.
- ✓ Do establish annual reconciliation and periodic review.
- ✓ Do use a facilitator early when necessary.
- ✓ Do bring recommendations jointly to both Councils.
- ✓ Do keep detailed service-specific arrangements outside the high-level ICF where appropriate.
- ✓ Do focus on the overall regional relationship rather than trying to "win" every individual calculation.

The biggest "Don'ts"

- ✗ Don't start with the formula.
- ✗ Don't impose a methodology unilaterally.
- ✗ Don't use data that the other municipality cannot understand or verify.
- ✗ Don't hide costs or assumptions.
- ✗ Don't make the model unnecessarily sophisticated.
- ✗ Don't make one formula fit every service.
- ✗ Don't ask a municipality to pay for costs it cannot influence without addressing governance.
- ✗ Don't mix major capital decisions into routine operating cost calculations.
- ✗ Don't let disagreements deteriorate into personality conflicts.
- ✗ Don't wait until the relationship breaks down before bringing in a facilitator.
- ✗ Don't put every operational detail into the ICF itself.

GOLDEN RULE

A cost calculation model should be transparent, understandable, evidence-based, supportable by available data, proportionate to the decision being made, and reasonably connected to the benefit received by participating municipalities.

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APPENDIX 3

CAMROSE COUNTY ICF & COST CALCULATION MODEL CASE STUDY

KEY TAKEAWAYS

- Keep ICFs focused on mandatory framework requirements.
- Separate service agreements from the ICF.
- Use data-driven formulas to establish benchmarks, then simplify where appropriate.

Executive Summary

Camrose County maintains agreements with seven urban municipalities and historically six rural municipalities. The County is actively simplifying its ICFs by limiting them to mandatory legislative requirements while placing detailed service and cost-sharing arrangements in separate agreements. Current negotiations with the City of Camrose focus primarily on fire services and the balance between usage-based funding, standby costs, and operating-cost contributions.

Governance and Intermunicipal Relationships

Relationships with most villages are stable and collaborative. Recent negotiations with the City of Camrose are occurring in a much improved environment compared to the difficult 2018 ICF discussions. The County credits new leadership, improved communication, and a willingness to separate policy frameworks from operational agreements for the improved relationship.

OBSERVATION

Camrose County learned that overly detailed ICFs can create conflicts with service agreements and increase the risk of disputes and mediation.

Service Delivery and Cost-Sharing Approach

Service Area	Included	Funding Approach
Fire Services	Yes	Call-out charges plus shared costs
Recreation	Yes	Flat annual contribution
Water Services	Limited	Separate agreement
Library Services	No	Separate third-party agreement
FCSS and Other Services	No	Separate third-party agreements

Cost Calculation Model (CCM) Analysis

Camrose County uses multiple cost-sharing approaches. Recreation funding is based on a negotiated flat fee of approximately $480,000 annually plus an annual pool contribution of approximately $264,000. Fire services are supported through a formal calculation model based on shared operating costs and a rolling average of service calls. The County believes historical usage and actual costs should remain central to cost-sharing discussions while avoiding duplication of operating and call-out charges.

Current State	Hybrid model
Strength	Strong data and historical benchmarks
Weakness	Complex administration
Primary Data	Actual calls, expenses, rolling averages
Key Concern	Double counting of costs
Future Direction	Simplified benchmark-based agreements

What Worked vs What Did Not Work

What Worked	What Didn't Work
Data-driven fire formula	Detailed ICF provisions
Separate service agreements	Duplicate/conflicting agreements
Improved relationships	Personality-driven disputes
Use of mediation/facilitation	Complex formulas tied to old systems

OBSERVATION

The County views the ICF as a framework document and prefers that cost-sharing formulas, funding details and service terms be managed through separate agreements.

Evaluation of Current Approach

Criteria	Rating	Comment
Fairness	4	Usage-based approach supported
Transparency	4	Strong financial disclosure
Predictability	4	Flat rates provide stability
Accuracy	4	Built on actual usage and costs
Administrative Ease	3	Formula can be cumbersome
Data Reliability	4	Good historic data
Flexibility	5	Separate agreements allow adaptation
Relationships	4	Improving significantly
Dispute Avoidance	3	Past conflicts demonstrate risk

Transferable Practices

- Keep ICFs simple and focused on mandatory requirements.
- Place detailed service agreements outside the ICF.
- Use objective data and actual service usage when establishing benchmarks.
- Recalibrate agreements periodically rather than recalculating annually.
- Use facilitators before relationship challenges become disputes.
- Share financial information openly and transparently.

BOTTOM LINE

Camrose County demonstrates the value of separating governance frameworks from operational agreements. The case highlights how data-driven cost-sharing formulas can establish fair benchmarks while also showing the benefits of simplifying agreements once trust and performance data have been established

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APPENDIX 4

FOOTHILLS COUNTY ICF & COST CALCULATION MODEL CASE STUDY

KEY TAKEAWAYS

- Simple, service-specific CCMs have endured for 20+ years.
- Fire funding uses population within defined catchments.
- Recreation funding uses actual registered users.
- Cemetery Services uses a blended rate.
- Eco-centre and recycling depots use a blended rate.
- Strong governance, annual true-ups, and open-book reporting build trust.

Executive Summary

Among the municipalities reviewed for this project, Foothills County has developed one of the longest-running and most mature intermunicipal cost-sharing systems. Urban agreements with Okotoks, High River, Longview, and Diamond Valley rely on straightforward cost calculation models tailored to individual services. The County emphasizes simplicity, annual reconciliation, objective data, and strong intermunicipal relationships.

Governance and Intermunicipal Relationships

The County is bordered by ten neighbouring municipalities, including four rural municipalities, one Improvement District, and five urban municipalities. Rural ICFs are largely reciprocal and focused on boundary matters. Urban agreements are supported by Intermunicipal Committees (IMCs), annual CAO reporting, five-year reviews, open-book information sharing, and long-standing relationships. Independent facilitation was instrumental in establishing the original framework and template agreements used today.

OBSERVATION

Foothills County attributes much of its success to maintaining relationships after agreements are signed. Regular reporting, celebrating successes, and council orientation help prevent disputes.

Service Delivery and Cost-Sharing Approach

Service Area	Funding Basis	Notes
Fire Services	Population in catchment	Operating and amortization costs shared
Recreation	Registered users	Deficit-sharing after revenues deducted inclusive of operating and amortization costs shared
Libraries	Library users/cards	Moving to standalone agreements
Boundary Roads	Reciprocal	Rural ICFs
Other Shared Services	Blended indicators	Population and recreation proxies

Cost Calculation Model (CCM) Analysis

Foothills County intentionally uses different formulas for different services. Recreation is based on actual registered users while fire services are funded according to population within agreed service catchments. Annual budget estimates are reconciled against audited actuals through a formal true-up process and are reported jointly by CAOs to the IMC annually. Capital expenditures over $100,000 trigger modelling, discussion and approval requirements. Capital expenditures over $100,000 as well as smaller capital purchases are shared through amortization expense over the useful life of the asset, rather than as an up-front capital contribution. Certain grants may be an eligible revenue source for joint sharing. All new services or capital expenditures valued over $100,000 are phased in over a three-year period with 1/3 of the cost as an eligible shared expense annually.

Current State	Mature service-specific CCMs
Strength	Simple and defensible
Weakness	Annual reconciliation effort
Primary Data	Population, registrations, audited costs
Key Concern	Large capital investments
Future Direction	Expand template to remaining partners

What Worked vs What Did Not Work

What Worked	What Didn't Work
Facilitated negotiations	Capital project disputes
Simple formulas	Different interpretations over time
Annual true ups	Uneven participation in negotiations
Open-book reporting	Administrative effort for audits

OBSERVATION

The County deliberately chose formulas both parties could live with rather than pursuing mathematically perfect models. Simplicity and acceptability were prioritized.

Evaluation of Current Approach

Criteria	Rating	Comment
Fairness	5	Service-specific formulas
Transparency	5	Open-book reporting
Predictability	5	Established templates
Accuracy	5	Strong proxies and actuals
Administrative Ease	4	Annual reconciliation required
Data Reliability	5	Census and user data
Flexibility	4	Notice and review provisions
Relationships	5	Long-term collaboration
Dispute Avoidance	5	Strong governance structure

Transferable Practices

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- Use different CCMs for different services.
- Keep calculations simple and understandable.
- Reconcile annually using audited actuals.
- Use population for protective services and actual usage for recreation where appropriate.
- Establish IMCs and mandatory reporting.
- Require discussion, negotiation and agreement before major capital investments.
- Build and maintain relationships after agreements are signed.

BOTTOM LINE

Foothills County demonstrates that long-term success is based on simple formulas, transparent data, annual reconciliation, and strong intermunicipal relationships. The County's approach balances fairness, predictability, justifiability to the public, and administrative practicality.

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APPENDIX 5

GRANDE PRAIRIE REGION ICF & COST CALCULATION MODEL CASE STUDY

KEY TAKEAWAYS

- Set clear rules of engagement, identify each party's key principles, and build relationships before negotiations begin.
- Strong emphasis on service tracking and cost recovery.
- Extensive use of usage-based and formula-driven funding.
- Standing committees support ongoing negotiations and collaboration.

Executive Summary

The County of Grande Prairie maintains ICFs with seven neighbours, including three rural and four urban municipalities. The region is notable for its extensive use of service tracking, cost recovery, usage data, and formula-based funding arrangements. Recreation, emergency management, fire services, and regional service delivery are all supported by structured funding and reporting mechanisms.

Governance and Intermunicipal Relationships

Grande Prairie has developed one of the most mature intermunicipal collaboration systems reviewed. Relationships are supported by formal agreements, recurring reporting requirements, and an Intermunicipal Collaboration Committee (ICC) responsible for reviewing service-use data, resolving disputes, and negotiating future agreements.

OBSERVATION

The Intermunicipal Collaboration Committee is a key governance feature and provides a permanent forum for future negotiations and data review.

Service Delivery and Cost-Sharing Approach

Service Area	Included	Funding Approach
Fire Services	Yes	Shared service/no reciprocal billing
Emergency Management	Yes	Population and assessment formulas
Recreation	Yes	Usage-based cost sharing
FCSS	Yes	Formula contributions
Bylaw/Peace Officers	Yes	Hourly cost recovery

Cost Calculation Model (CCM) Analysis

Grande Prairie demonstrates extensive use of CCM principles. Funding approaches include user-based allocation, population-based formulas, equalized assessment metrics, cost recovery, facility operating costs, lifecycle renewal funding, and specific capital project contributions. Third-party metrics such as census population and equalized assessment are regularly used to support fairness and transparency.

Current State	Advanced formula-based CCMs
Strength	Objective and measurable
Weakness	Requires significant tracking and reporting
Primary Data	Usage, population, assessment
Key Concern	Administrative complexity
Future Direction	Ongoing committee-led refinement

What Worked vs What Did Not Work

What Worked	What Didn't Work
Usage tracking	Administrative burden
Objective formulas	Complex calculations
Regular reporting	Data collection requirements
Committee oversight	Negotiation effort for capital projects

OBSERVATION

Grande Prairie illustrates how formal metrics and clearly defined funding formulas can reduce disputes and improve transparency.

Evaluation of Current Approach

Criteria	Rating	Comment
Fairness	5	Strong formula basis
Transparency	5	Extensive reporting
Predictability	5	Established formulas
Accuracy	5	Data driven
Administrative Ease	3	Requires significant effort
Data Reliability	5	Third-party metrics used
Flexibility	4	Committee oversight supports adaptation
Relationships	5	Strong collaboration
Dispute Avoidance	5	Structured governance

Transferable Practices

- Track and report service utilization.
- Use third-party metrics where possible.
- Create cost-sharing formulas before major capital projects arise.
- Establish committees to oversee negotiations and reporting.
- Combine cost recovery with long-term lifecycle planning.
- Maintain regular reporting requirements within agreements.

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APPENDIX 6

MUNICIPAL DISTRICT OF WILLOW CREEK ICF & COST CALCULATION MODEL CASE STUDY

KEY TAKEAWAYS

- Focus cost sharing on fixed costs that can be influenced.
- Establish service levels before discussing costs.
- Regional emergency services standardization improved interoperability and reduced disputes.
- Facilitation and administrative-led negotiations were critical to success.

Executive Summary

MD of Willow Creek maintains ten ICFs, including four urban and six rural partnerships. The municipality built separate recreation and emergency services agreements beneath an overarching ICF framework. Its approach emphasizes fairness, predictability, clear service levels, fixed-cost sharing, and strong governance.

Governance and Intermunicipal Relationships

The County uses one overarching ICF with separate service agreements for recreation and emergency services. Negotiations were led by administration with clear Council mandates and independent facilitation. Annual meetings, committee structures and ongoing collaboration support strong relationships with Claresholm, Fort Macleod, Nanton and Stavely.

OBSERVATION

The County found that administration-led negotiations supported by facilitators were more productive than elected-official led discussions. Strong mandates and trust were essential.

Service Delivery and Cost-Sharing Approach

Service Area	Approach	Key Metric
Recreation	50% fixed costs	Utilities, insurance, telecom
Recreation Capital	Case-by-case	Negotiated project support
Emergency Services	Shared operating model	Defined service levels
Fire Equipment	MD-owned assets	Regional interoperability
Rural ICF Services	Reciprocal	Emergency and boundary matters

Cost Calculation Model (CCM) Analysis

Willow Creek intentionally avoided operating-cost sharing for recreation because municipalities had different service levels, staffing models and management approaches. Instead, contributions are based primarily on fixed facility costs. Recreation grants are reviewed annually using a benchmark process that removes the highest and lowest costs and averages the middle two municipalities. Emergency services are driven by standardized regional service levels and shared assets.

Current State	Fixed-cost and service-level CCMs
Strength	Clarity and predictability
Weakness	Requires annual cost reviews
Primary Data	Invoices, fixed costs, service levels
Key Concern	Paying for costs outside local control
Future Direction	Continue regional collaboration

What Worked vs What Did Not Work

What Worked	What Didn't Work
Independent facilitators	Undefined service levels
Common service levels	Poor cost information
Fixed-cost recreation model	Operating-cost sharing without governance
Regional equipment standardization	Non-standard equipment

OBSERVATION

The County discovered many municipalities did not know their true recreation costs when negotiations began. Establishing reliable service costing was a major early challenge.

Evaluation of Current Approach

Criteria	Rating	Comment
Fairness	5	Shared fixed costs and service standards
Transparency	5	Open review of costs
Predictability	5	Stable annual contributions
Accuracy	5	Invoice-based validation
Administrative Ease	4	Annual reviews required
Data Reliability	5	Verified financial data
Flexibility	4	Committee-based adjustments
Relationships	5	Improved significantly
Dispute Avoidance	5	Very few disputes

Transferable Practices

- Establish service levels before cost sharing.
- Share only costs that can be influenced.
- Use facilitators and clear mandates.
- Standardize equipment and training where possible.
- Keep operating-cost responsibilities aligned with governance authority.
- Build partnerships beyond the ICF itself.
- Focus on fairness, predictability and transparency.

BOTTOM LINE

MD of Willow Creek demonstrates that effective CCMs begin with service definition and governance. By focusing on fixed costs, regional standards, and collaborative relationships, the municipality developed highly stable and widely supported agreements.

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APPENDIX 7

NORTHERN SUNRISE COUNTY
ICF & COST CALCULATION MODEL CASE STUDY

KEY TAKEAWAYS

- Fixed-contribution model provided predictability and flexibility.
- Facilitators were critical in maintaining productive negotiations.
- Future CCM discussions will focus on better data, transparency and regional collaboration.

Executive Summary

Northern Sunrise County maintains ten ICFs, including eight rural and two urban partnerships. The largest agreement is with the Town of Peace River, where approximately $1.6 million annually supports recreation and cultural services.

Governance and Intermunicipal Relationships

Relationships with Nampa are collaborative and viability-focused. Relations with Peace River have varied over time and occasionally required facilitated discussions. Interview participants consistently identified trust, transparency, and having the right representatives at the table as the most important success factors.

OBSERVATION

Northern Sunrise County views regional collaboration as preferable to separate bilateral negotiations because all parties can review the same information and assumptions.

Service Delivery and Cost-Sharing Approach

Service Area	Included	Approach
Recreation	Yes	Annual contribution
Culture	Yes	Annual contribution
FCSS	Limited	Program specific
Fire Services	Mutual Aid	Separate agreement

Cost Calculation Model (CCM) Analysis

The current model is not a formal CCM. Funding is primarily based on negotiated lump-sum contributions supported by discussions around affordability, resident access, and municipal relationships. Future negotiations may incorporate operating costs, lifecycle costs, depreciation, facility condition assessments, catchment areas, demographics and usage information.

Current State	Fixed contribution model
Strength	Predictable and simple
Weakness	Limited linkage to actual costs or usage
Primary Data	Operating costs, lifecycle data, demographics
Key Concern	Transparency and data reliability
Future Direction	Regional CCM discussions

What Worked vs What Did Not Work

What Worked	What Didn't Work
Facilitators	Siloed negotiations
Predictable contributions	Infrastructure funding disputes
Resident access	Limited data sharing
Relationship building	Provincial ambiguity

OBSERVATION

The strongest lesson from this case is that process design and participant behaviour were often more important than the funding formula itself.

Evaluation of Current Approach

Criteria	Rating	Comment
Fairness	3.5	Negotiated
Transparency	3.5	Improving
Predictability	5	Very strong
Accuracy	5	Known costs
Administrative Ease	5	Simple
Data Reliability	3	Moderate
Flexibility	5	Strong
Relationships	4	Generally positive
Dispute Avoidance	4	Successful overall

Transferable Practices

- Use facilitators when relationships are strained.
- Share the same financial information with all parties.
- Consider regional discussions where multiple rural municipalities fund the same urban services.
- Focus on mutual benefit and resident access.
- Build future lifecycle and asset-management information into negotiations.

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APPENDIX 8

Leading Practice Example 1: RM of Francis No. 127 Saskatchewan - Fire Protection Services Agreements

Overview

The Rural Municipality of Francis No. 127 adopted Bylaw 2022-08 to authorize fire protection service agreements with the Town of Francis, Village of Odessa, Village of Sedley, and Village of Vibank. The agreements establish how fire protection services are provided and funded across designated rural service areas.

This is a strong Western Canadian example as it deals with one of the most common and practical areas of intermunicipal collaboration – fire protection. Smaller urban local governments may have fire departments that can respond into surrounding rural areas, while rural local governments may need access to nearby fire services without duplicating stations, equipment, training, and personnel. The Francis example addresses this by combining annual readiness funding with incident-based charges.

Parties and Relationship

The bylaw authorizes the RM of Francis No. 127 to enter into agreements with multiple nearby local urban governments, including the Town of Francis and the Villages of Odessa, Sedley, and Vibank. The agreements are structured around designated service areas, with maps and fire call response forms appended to the bylaw.

This structure allows each participating fire department to provide service to a defined portion of the rural municipality. In practical terms, the model recognizes that fire response is geographically driven: the closest or most appropriate fire department may not sit within the same local government boundary as the property being served.

How Costs Are Shared

The arrangement uses a two-part cost-sharing model:

① **Annual grant / readiness contribution**

The RM provides a yearly grant to the local government providing fire protection service. In the Odessa agreement, for example, the RM provides an annual grant of $4,500 in return for the commitment of fire protection service by the village fire department.

② **Call-based cost recovery**

Fire calls occurring within the RM are charged based on a specified fee schedule. The agreement excerpt identifies a charge of $980.45 for the first hour and $350.00 per hour for each additional hour, subject to a maximum total charge of $15,000 across responding fire departments. It also includes a call-out charge of $980.45 for unproductive calls where the responding department's services are not required.

This model is useful because it separates the cost of being available to respond from the cost of actual emergency response. The annual grant helps support readiness, while call-based fees recover costs when service is used.

Service Expectations and Administration

The agreement also includes service expectations beyond payment. For example, training of volunteer firefighters remains the responsibility of the village fire department, and the RM recommends Fire 1000 Basic Training through the Saskatchewan Volunteer Fire Fighters Association as the minimum training standard.

This is important because cost sharing is tied not only to who pays, but also to the service level being funded. By referencing training expectations, the agreement helps clarify the service standard attached to the rural municipality's financial contribution.

The bylaw also references designated area maps and fire call response forms. These support administration by documenting which areas are covered and creating a mechanism to record response activity for billing and accountability.

Why This Is a Leading Practice

This example offers several practical leading practices:

- **Base plus usage funding**
  The RM contributes to readiness through an annual grant and pays additional costs when fire calls occur.
- **Transparent fee schedule**
  The agreement sets out first-hour, additional-hour, maximum, and unproductive call charges.
- **Defined response areas**
  Service boundaries are mapped, reducing uncertainty about which fire department is responsible for which area.
- **Service-level expectations**
  Training expectations are addressed, helping connect funding to capability.
- **Administrative tools**
  Maps and response forms support implementation, billing, and review.

Relevance for RMA Members

For RMA members, this example provides insight into a fire protection cost-sharing template or checklist. Key elements could include:

- designated service area map
- annual readiness contribution
- call-out fee schedule
- hourly response rates
- maximum charge provisions
- unproductive call treatment
- training expectations
- response reporting form
- review and renewal provisions

The model also helps illustrate a broader principle: not all costs should be treated the same. Availability, training, equipment readiness, and actual emergency response may each require different funding treatment.

Transferability Considerations

The specific legislative references and fee amounts are Saskatchewan-specific and would need to be adapted. However, the structure is transferable. Alberta local governments could use a similar model within an ICF by distinguishing readiness funding from incident-based recovery, mapping response areas, and agreeing on the reporting information needed to support billing and future review. A key transferrable lesson is that fire protection cost sharing works effectively when it clearly separates standby capacity from actual response costs.

Relevant Links

Rural Municipality of Francis No. 127. *Bylaw 2022-08: Fire Services Agreement.*

https://rmoffrancis.ca/app/uploads/2022/10/BYLAW-2022-08-Fire-Services-Agreement.pdf

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APPENDIX 9

Leading Practice Example 2: Regional District of Bulkley-Nechako and District of Fort St. James British Columbia - Recreation Contribution Service

Overview

The Regional District of Bulkley-Nechako established the Electoral Area C Recreation Contribution Service with the District of Fort St. James to provide a formal mechanism for funding recreation services used by residents in both communities. Rather than relying on informal annual grants or one-off negotiations, the participating local governments created a defined service area and a dedicated funding structure for recreation-related contributions.

The service is intended to support organizations that provide recreation services to residents of Electoral Area C and the District of Fort St. James. The arrangement is useful because it does not require each local government to independently own, operate, or duplicate recreation infrastructure. Instead, it recognizes that recreation services often benefit residents across local boundaries and creates a shared financial mechanism to support those services.

Parties and Relationship

The arrangement involves a regional-local relationship between:

- Regional District of Bulkley-Nechako; (governing body)
- Elected councils of:
  - District of Fort St. James;
  - District of Houston;
  - District of Vanderhoof;
  - Town of Smithers;
  - Village of Burns Lake;
  - Village of Fraser Lake;
  - Village of Granisle; and
  - Village of Telkwa
- Electoral Area C; (including unincorporated rural areas)
  - Germansen Landing;
  - Leo Creek;
  - Takla Landing ; and
  - Trembleur

Useful as a comparator, this example highlights a different way of addressing a key issue: residents in one local government area often use recreation services located in, or supported by, another local government. In this example, the solution is not framed as a bilateral fee-for-service agreement. Instead, the regional district establishes a service with defined participants, boundaries, and cost-recovery tools.

How Costs Are Shared

A formal service establishment bylaw is used to define how the cost of recreation contributions will be recovered. The bylaw identifies:

- the purpose of the service;
- the service boundaries;
- the participating areas;
- the available cost-recovery methods;
- the tax base used for property value taxation;
- the maximum amount that may be requisitioned annually; and
- the basis for apportioning costs between the participating areas.

The annual cost of the service may be recovered through market-value based property taxes, fees and charges, and other revenues authorized under the applicable legislation. The bylaw sets the tax base for both the participating municipality and the participating electoral area as the net taxable value of land and improvements. It also sets a maximum annual requisition of fifty cents per $1,000 of net taxable value of land and improvements.

Most importantly, the cost of the service is allocated among the participating areas based on the converted value of land and improvements. This creates a clear, objective formula for allocating financial responsibility between the local governments involved.

Why This Is a Leading Practice

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This example is useful because it moves recreation funding away from informal negotiation and into a defined local government service structure. The participating areas know what the service is, who participates, where it applies, how costs are recovered, and how the cost burden is allocated.

Several leading practices stand out:

- **Defined benefit area**
  The service area is explicitly limited to Electoral Area C and the District of Fort St. James, helping align the cost with the communities expected to benefit.
- **Clear cost-recovery tools**
  The bylaw identifies the mechanisms available to fund the service, including taxation, fees, charges, and other authorized revenues.
- **Objective allocation basis**
  Costs are apportioned using converted land and improvement assessment values, which are determined by a regulated process and that they are reviewed and independently audited by the Province. This provides a measurable and repeatable basis for sharing costs.
- **Maximum requisition limit**
  The cap on the annual requisition gives participants and taxpayers certainty about the upper limit of the funding obligation.
- **Replicable model**
  Similar recreation contribution services have been used or proposed for other combinations of electoral areas and municipalities in the region, suggesting this model can be repeated across multiple local government relationships.

Relevance for RMA Members

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This example could help illustrate how municipal governments might approach recreation-related cost-sharing arrangements before negotiating specific dollar amounts. It demonstrates that a strong agreement or framework should answer several practical questions:

- What service is being funded?
- Who benefits from the service?
- Which local governments participate?
- What geographic area is included?
- What funding tools are available?
- What is the maximum annual exposure?
- What objective metric will be used to allocate costs?

The example is especially relevant where recreation services are provided by community organizations, local societies, or facilities serving a broader area. It also shows how a regional layer can help structure cost sharing between local communities, which may be useful for Alberta discussions even though BC's regional district model does not directly mirror Alberta's local government structure.

Transferability Considerations

This model depends on BC's regional district legislation, so it cannot be copied directly into Alberta. However, the underlying leading practices are transferable. Alberta local governments could adapt the same logic through ICFs by clearly defining the service, participating communities, cost-recovery tools, maximum contributions, and allocation formula.

The most transferable lesson is that recreation cost sharing can be structured as a defined, formula-based arrangement rather than a recurring negotiation over discretionary contributions.

Relevant Links

Regional District of Bulkley-Nechako. *Electoral Area C Recreation Contribution Service Establishment Bylaw No. 1978, 2022.*

https://www.rdbn.bc.ca/download_file/view/6283/5067

Regional District of Bulkley-Nechako. *Rural/Agricultural Service Committee Report: Recreation Contribution Service Establishment Bylaws.*

https://www.rdbn.bc.ca/application/files/7816/6965/9566/4.4_Recreation_Contribution_Service_Establishment_Bylaws.pdf

APPENDIX 10

Leading Practice Example 3: Central Coast New South Wales Australia Joint Scheme Funding Agreement

Overview

The Central Coast Joint Scheme Funding Agreement was established between Wyong Shire Council and Gosford City Council to address shared funding obligations for joint water and wastewater infrastructure and services. The agreement provides a practical example of two local governments working together to fund shared utility assets, capital works, operations, and maintenance.

As water and wastewater systems often cross local boundaries or serve broader regional catchments, local governments may share treatment facilities, transmission mains, lagoons, lift stations, infrastructure, or future capacity investments. Without a clear funding model, disputes can arise over who should pay for operating costs, capital maintenance and upgrades, or growth-related works. Though from an international context, it highlights an actual funding agreement between two municipalities, rather than a general guideline or policy.

Parties and Relationship

The agreement is between Wyong Shire and Gosford City. The two councils had shared interests in joint water supply and sewerage infrastructure and needed a formal mechanism to allocate funding responsibilities between them. The relationship is based on shared utility infrastructure. In practical terms, one local government's residents and service demands may rely on infrastructure, capacity, or system investments that also serve the other. The agreement therefore creates a structured approach for determining how shared costs are calculated, allocated, reviewed, and administered.

How Costs are Shared

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The agreement does not allocate costs using a simple population-based formula or by assigning responsibility based solely on the location of facilities. Instead, it establishes separate funding mechanisms for different categories of costs and incorporates water consumption calculations as part of the funding framework. The agreement includes provisions for:

- Funding obligations
- Capital works
- Future joint works
- Operations and maintenance
- Correction of errors
- Audit
- Dispute resolution

A notable feature of the agreement is its recognition that different types of utility costs should be treated differently. Existing capital obligations, future infrastructure investments, and ongoing operating and maintenance costs are addressed separately rather than combined into a single annual contribution. This allows funding approaches to be tailored to the nature of the expenditure and the benefit being received.

The agreement also includes a methodology for calculating water consumption within each council's service area. While the agreement is not structured around a population-based allocation model, water consumption data provides a measurable basis for allocating certain costs according to actual or estimated use of the shared utility system. This helps align contributions more closely with service demand and provides an objective basis for funding discussions. This agreement demonstrates a hybrid approach where funding responsibilities are categorized by purpose and supported by technical calculations related to system usage, avoiding reliance solely on municipal boundaries, facility ownership, or other broad allocation measures.

Service Expectations and Administration

This agreement includes several key administrative features that strengthen the cost-sharing model. It requires both parties to act in good faith while also establishing a technical advisory group to support its implementation, while also including audit provisions and mechanisms for correcting errors. These features are important because water and wastewater cost sharing often depends on technical data, capital planning assumptions, engineering judgements, consumption calculations, and asset management information. By creating a technical advisory structure, the agreement gives both parties a forum for reviewing information and resolving technical issues before they become wider governance disputes.

The inclusion of audit and correction-of-error provisions is also important as it acknowledges that shared utility cost calculations can be complex and therefore require a process for checking and correcting the information used to support payments (where applicable).

Why This Is a Leading Practice

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This example is noteworthy as it shows how shared utility services can be supported by both financial and administrative controls. Rather than relying on a single payment formula, the agreements separate different types of costs and pairs them with technical review, usage data, audit rights, and dispute resolution mechanisms. Some of the specific leading practices include:

- **Separation of cost types**
  Capital works, future joint works, operations, and maintenance are treated separately.
- **Usage-based considerations**
  Water consumption by council area is addressed as part of the cost-sharing structure.
- **Technical governance**
  A technical advisory group supports administration and review.
- **Audit and correction mechanisms**
  The agreement includes tools to verify calculations and address errors.
- **Good faith and dispute resolution**
  The agreement recognizes the importance of relationship management and formal escalation pathways.
- **Utility Economics**
  A regulated rate of return (or hurdle rate) is employed to ensure that the utility is adequately but not over-funded.

Relevance for RMA Members

This example provides insights into how a water and wastewater cost-sharing template could be structured. Key elements include:

- shared infrastructure inventory
- capital works funding provisions
- future joint works provisions
- operations and maintenance cost allocation
- usage or consumption calculation methodology
- technical advisory committee or working group
- audit provisions
- correction-of-error process
- dispute resolution process
- review and renewal provisions

This model also helps illustrate a broader principle: water and wastewater cost sharing should separate operating costs, existing capital obligations, and future system investments as these cost categories often raise different considerations around equity, timing, and affordability. It can provide transparency while providing a basis for reasonable contributions to replacement reserves.

Transferability Considerations

This example is international and reflects a different legislative and local government context and would need to be adapted before use in Alberta. That said, the structure is highly transferrable; Alberta's local governments could apply the same logic within ICFs or service-specific utility agreements by separating capital, operating, maintenance, and future capacity costs and by creating technical processes to support calculation and review.

A key transferrable lesson is that shared utility agreements should be supported by clear technical governance, reliable usage data, and separate treatment of capital and operating costs.

Relevant Links

Central Coast Council. *Joint Scheme Funding Agreement – Wyong Shire Council and Gosford City Council.*

https://cdn.centralcoast.nsw.gov.au/sites/default/files/2.2-Central-Coast-Joint-Services-Project-Key-Governing-I_5.PDF

APPENDIX 11

Leading Practice Example 4: Queensland Australia TMR/Local Government Cost Sharing Arrangement

Overview

The Queensland Department of Transport and Main Roads (TMR) maintains a formal cost-sharing arrangement with local municipal governments to manage infrastructure and service costs associated with state-controlled roads. Though not representing a municipality-to-municipality arrangement, it can serve as a useful transportation comparator as it provides a detailed, repeatable framework for determining how transportation-related costs should be allocated between different governing entities.

Transportation cost sharing can easily become unclear when transportation infrastructure systems benefit more than one public authority/municipality. The Queensland model addresses this by separating transportation infrastructure into specific asset and activity categories, then applying responsibility-based cost-sharing principles to each. This avoids treating "transportation" as a single broad service, providing instead a more practical method for assigning cost responsibility between participating municipalities.

Parties and Relationship

The arrangement exists between Queensland TMR, the Local Government Association of Queensland, and participating local municipal governments. It applies where state-controlled roads interface with local government assets, responsibilities or community service needs. While the relationship is not strictly between two local government entities in the same way as an ICF, it remains relevant as it deals with a common intergovernmental problem: two public authorities each may have responsibility for different parts of the same transportation network, necessitating a clear way to determine who contributes to which costs.

The arrangement recognizes that transportation infrastructure is often interconnected, whereby projects routinely involve multiple infrastructure elements including state-controlled roads, local access, drainage, pedestrian infrastructure, bridges, signs, lighting, landscaping, and utility interfaces. The model provides a structured way to break those elements apart and allocate cost responsibility based on ownership, function, benefit, and the reason the work is required.

How Costs Are Shared

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The arrangement uses a modular cost-sharing model. Rather than applying one formula to all transportation costs, it divides costs into infrastructure service categories and identifies how responsibilities should be shared for each. Some examples of these cost-sharing elements include:

For each service category, the arrangement specifies where cost sharing responsibility lies, including the planning, design, construction, structure inspection, servicing and maintenance, rehabilitation/replacement and ownership.

- traffic lanes
- road shoulders
- parking
- cycleways
- service roads and access roads
- intersections
- bridges
- footpaths and shared paths
- surface drainage
- landscaping
- litter and graffiti control
- road lighting
- stormwater drainage networks
- utility services
- roadside furniture
- signs and road markings
- noise attenuation

This approach is useful as it allows municipalities to determine cost responsibility based on the nature of the asset or activity. For example, a local access road, a pedestrian facility, road lighting, or drainage infrastructure may require different cost-sharing logic than that of the core traffic lanes of a major road. The arrangement also includes principles for consultation, review, amendments, and ongoing administration. This helps ensure that cost-sharing decisions are not treated as one-off negotiations, but as part of a consistent framework.

Service Expectations and Administration

This arrangement is supported by a formal memorandum of understanding and related cost sharing guidance directives, establishing expectations for how the involved parties will consult, manage responsibilities, and review the arrangement over time. A key administrative strength is that the model provides a shared reference point before individual projects arise, thereby reducing the likelihood of disputes when transportation issues arise. Instead, they can refer to an established set of cost-sharing principles tied to asset-specific modules. This arrangement also supports consistent treatment across local governments, providing a predictable basis for planning, budgeting, and negotiating project contributions.

Why This Is a Leading Practice

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This example demonstrates how transportation cost-sharing arrangements can move beyond high-level principles and provide practical guidance for managing shared infrastructure responsibilities. Through the establishment of clear rules, decision criteria, and governance mechanisms, it creates a consistent framework for addressing transportation-related funding and ownership issues. Several leading practices offered include:

- **Modular cost allocation**
  Transportation costs are separated by asset and activity type rather than treated as one broad category.
- **Responsibility-based funding**
  Cost sharing is tied to ownership, function, benefit, and the reason the work is required.
- **Clear categories**
  The arrangement identifies specific transportation elements such as intersections, bridges, drainage, lighting, pathways, and access roads.
- **Shared reference framework**
  Local governments and the transportation authority can rely on a consistent framework when project-specific issues arise.
- **Review and amendment provisions**
  The arrangement recognizes that cost-sharing frameworks need to be reviewed and updated over time.

Relevance for RMA Members

For the RMA, this example provides insight into how a transportation cost-sharing framework could be structured. At a high level, it emphasizes establishing clear ownership and responsibility for transportation assets, assessing the relative benefits and drivers of infrastructure work, and applying consistent cost-sharing principles. It also highlights the importance of addressing ongoing maintenance and operational considerations, clarifying responsibilities for shared infrastructure, and incorporating a process for periodic review and refinement to ensure the framework remains relevant over time.

Transferability Considerations

Though not a local government-to-local government arrangement and representing a different legal and institutional context, the structure remains highly transferrable. Alberta local governments could adapt the same approach by creating a transportation cost-sharing checklist or matrix that breaks transportation services into specific asset types and assigns cost-sharing considerations to each.

A key transferable lesson is that transportation cost sharing is strongest when it is modular, responsibility-based, and specific to the asset or service being funded.

Relevant Links

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Queensland Department of Transport and Main Roads. *TMR / Local Government Cost Sharing Arrangement 2022–27.*

https://www.tmr.qld.gov.au/_/media/busind/techstdpubs/supporting-documents/cost-sharing/tmr-lg-cost-sharing-arangement.pdf?sc_lang=en&hash=08C424217C18836ADAF331B7812C32F3

Queensland Department of Transport and Main Roads. *Cost Sharing Based on Responsibilities Within State-Controlled Roads.*

https://www.tmr.qld.gov.au/business-industry/Technical-standards-publications/Cost-sharing-based-on-responsibilities-within-state-controlled-roads

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APPENDIX 12

Leading Practice Example 5: Nipawin Saskatchewan Regional Landfill Partnership

Overview

The Nipawin Regional Landfill Partnership provides a practical example of how multiple municipalities can collaborate to fund, govern, and utilize a shared solid waste facility. Originally managed through the Boreal Area Regional Waste Authority (BARWA), the arrangement later transitioned to a model in which the Town of Nipawin assumed responsibility for the administration, management, and operation of the landfill while continuing to provide service to neighbouring municipalities through a formal funding agreement.

This example addresses a common challenge faced by smaller municipalities: the high cost of administration, landfill development, operation, regulatory compliance, monitoring, future landfill cells, and eventual closure obligations. Rather than each municipality independently developing and maintaining waste infrastructure, participating municipalities share costs and governance responsibilities through a regional arrangement. The example also demonstrates how cost-sharing approaches can evolve over time while maintaining regional cooperation

Parties and Relationship

The regional arrangement involved the Town of Nipawin, the Village of Codette, the Rural Municipality of Nipawin No. 487, the Resort Village of Tobin Lake, the Village of Aylsham, and previously the RM of Connaught through the Boreal Area Regional Waste Authority. The participating municipalities relied on a common landfill facility and shared responsibility for supporting its operation, funding, and future obligations.

Under the current model, the Town of Nipawin retained responsibility for administration, management, and operation of the landfill while participating municipalities continued to contribute financially and provide input through representation on the Municipal Landfill Advisory Board.

How Costs Are Shared

A notable feature of this arrangement is its use of a hybrid cost-sharing model, under which participating municipalities contributed through:

- a per-capita contribution from participating municipalities; and
- tipping fees associated with waste volumes delivered to the site.

The per-capita component helped fund the shared availability of the landfill and reflected the benefit municipalities received from access to the facility. The tipping fee component ensured that municipalities generating higher waste volumes contributed proportionally to operating costs. According to the authority, this approach was intended to account for both the size of the municipality and the amount of waste being managed.

Following the transition to municipal ownership by the Town of Nipawin, participating municipalities continued contributing through a population-based funding model using census data, with annual per-capita contributions forming the basis of the agreement.

Service Expectations and Administration

The proposed landfill use agreement includes governance and oversight provisions to support long-term administration of the regional service. A Municipal Landfill Advisory Board was established with representation from participating municipalities. The board is intended to meet regularly to discuss landfill operations and provide recommendations regarding management of the facility. The agreement also includes provisions relating to landfill administration and operation, insurance and liability, municipal withdrawal, agreement renewal, and waste reduction and recycling initiatives. It further requires that landfill operations comply with applicable provincial environmental legislation and municipal bylaws. These elements help ensure that participating municipalities remain engaged in decision-making while providing a clear framework for managing risks, responsibilities, and future service requirements.

Why This Is a Leading Practice

The value of this model lies in how it recognizes that landfill costs are driven by both access to the service and actual system use. By combining population-based contributions with tipping fees, the arrangement creates a more balanced funding model that helps distribute fixed infrastructure costs across participating municipalities while ensuring higher-volume users contribute proportionally to operating costs.

Relevance for RMA Members

For the RMA, this example provides a useful framework for structuring solid waste agreements where one municipality hosts and operates a regional facility on behalf of neighbouring municipalities. Key elements that could inform future agreements include:

- participating municipality responsibilities;
- host municipality responsibilities;
- governance committee or advisory board structure;
- population-based contribution methodology; and
- tipping fee framework.

The example also demonstrates how municipalities can combine a stable base contribution with a usage-based funding mechanism to balance fairness, affordability, and long-term sustainability.

Transferability Considerations

Although developed within Saskatchewan's legislative framework, the principles underlying the Nipawin Regional Landfill Partnership are highly transferable. Many municipalities face similar challenges associated with landfill capacity, environmental obligations, infrastructure renewal, and long-term operating costs.

A key transferable lesson is the use of a hybrid funding model that combines population-based contributions with user-pay mechanisms. This approach allows participating municipalities to share fixed infrastructure costs while ensuring that higher-volume users contribute proportionally to operating costs. The governance structure provides participating municipalities with representation through a Municipal Landfill Advisory Board, with each municipality appointing elected representatives to discuss landfill operations and provide recommendations regarding management of the facility.

Relevant Links

Prince Albert Daily Herald. Nipawin Council Reviews New Landfill Use Agreement with Local Partners.

https://paherald.sk.ca/nipawin-council-reviews-new-landfill-use-agreement-with-local-partners/

SaskToday. 1.36% *Tax Increase in Nipawin Budget, Town Taking Over Landfill.*

The StarPhoenix. Landfill *Authority Has Busy First Year.*

https://thestarphoenix.com/nipawin/landfill-authority-has-busy-first-year/