

Municipal Service Delivery

Regardless of size, type or location, the core purpose of all municipalities is to deliver effective and efficient services to residents and businesses. While many municipal services such as water and transportation are often so central to resident and industry needs that they are taken for granted, municipalities invest tremendous amounts of money and capacity in ensuring that such services are delivered reliably and at a level that meets specific local needs. Though there are certain services that nearly all municipalities provide, the scope and level of services provided can vary across municipalities, and will often impact tax rates, capital investment decisions, land use planning, and other municipal purposes. Rural municipalities often face unique service delivery challenges due to their large geographic size, dispersed population, and high level of industrial activity. As a result, the level, scope, and method of service delivery often varies between rural and urban municipalities.

What is the RMA's position on the importance of municipal service delivery?

- ◆ Residents and businesses across Alberta rely on municipalities to provide crucial services related to transportation, water, recreation, waste collection, economic development, social supports, emergency response, and many more.
- ◆ As municipalities cover nearly 90% of Alberta's land mass, which is a significantly higher portion than municipalities in any similarly sized province, the importance of municipal service delivery in both urban and rural areas and all corners of the province is unmatched elsewhere in Canada.
- ◆ Municipalities have the autonomy to deliver a wide range of services at various levels. Local service delivery decisions are typically based on taxpayer needs and preferences, the fiscal capacity of the municipality, and the types of services offered elsewhere in the region.
- ◆ Due to their unique role in serving extremely large geographical areas with dispersed populations and high levels of industrial activity, rural municipal service delivery profiles are often unique compared to those in municipalities elsewhere in Alberta and Canada. While some rural municipalities may offer limited levels of more traditional municipal service such as waste collection, many invest significant time and capacity in building and maintaining vast road and bridge networks to support resource industries such as oil and gas, forestry, mining, renewable energy, and agriculture.
- ◆ Per capita metrics are not an accurate approach to comparing levels of service across municipalities. In rural Alberta, many services are provided mainly for industry use, which are not captured in per capita comparisons.

What financial considerations do rural municipalities have with respect to municipal service delivery?

- ◆ Municipalities require a steady and adequate revenue stream to effectively deliver services. Municipalities are highly reliant on property taxes and provincial and federal grants for revenues. Recent and continued provincial grant funding reductions are impacting the scope and level of services provided by municipalities.
- ◆ When municipalities are required to take on greater responsibility for delivering or supplementing services previously delivered by other levels of government or the private sector, their ability to effectively deliver

core services may become compromised. Recent or ongoing examples include policing, social services, and broadband connectivity.

- ◆ Municipal infrastructure is directly linked to service delivery. To effectively provide the services that residents and industry requires, municipalities must have the financial resources to build and maintain roads, bridges, water/wastewater networks, and other infrastructure.
- ◆ Municipalities across Alberta commonly collaborate to deliver services, either through intermunicipal collaboration frameworks, regional service commissions, or other means. While such collaboration can be highly effective, it is crucial that all municipalities participate as willing and able partners, and that financial contributions and decision-making processes are equitable and fair.
- ◆ Financial reserves are an effective method for municipalities to ensure that services can continue to be delivered in the event of an unexpected fiscal challenge, or to save for needed capital investments to maintain, enhance, or expand service delivery.

How does the work of the RMA support effective municipal service delivery?

- ◆ RMA's *Alberta's Rural Municipalities: Unique Size, Unique Responsibilities* argues that due to their large size, remoteness, and high level of industrial activity, Alberta's rural municipalities have service delivery challenges not found in municipalities elsewhere in Alberta or Canada.
- ◆ RMA regularly emphasizes the uniqueness of rural service delivery when providing input on a wide range of issues, including municipal funding and taxation.

What current service delivery-related issues are impacting rural Alberta?

Intermunicipal Collaboration Frameworks

- ◆ Intermunicipal collaboration frameworks (ICFs) are mandatory agreements developed among municipalities with a shared border to discuss (and potentially collaborate on) the delivery of services that provide an intermunicipal or regional benefit. As of April 1, 2022, all initial ICF agreements have been completed.
- ◆ Several gaps in the *Municipal Government Act* related to the ICF process have resulted in rural municipalities being required to contribute to services that they do not view as regionally beneficial, or contribute at a level disproportionate to the level of benefit the service provides to their residents and taxpayers.
- ◆ According to a 2022 RMA member survey on ICFs, the most widely supported areas of improvement for the ICF process were that the Government of Alberta provide more direction on how to measure service usage and service levels, and more direction on which services are in and out of scope for ICF discussions.
- ◆ Currently there are no requirements for municipalities to provide specific data or evidence supporting their positions regarding service costs, service delivery challenges, or rationale for delivering services intermunicipally.
- ◆ The ICF arbitration process does not support equitable and reasonable decisions. It does not acknowledge the differences between rural and urban municipalities or the impacts that these agreements had on rural municipalities.
- ◆ Under the current framework, arbitrators have great latitude in setting the scope of arbitration. This flexibility has caused serious issues for municipalities in several ICF negotiations, as arbitration processes that were initially focused on a small number of issues on which agreement could not be reached abruptly ballooned to address issues that the parties had not previously discussed.

- ◆ Arbitrators involved in ICF negotiations should be required to have a background knowledge in municipal government to ensure that the outcome is equitable to both parties involved. RMA expects the Government of Alberta to introduce legislative amendments to the *Municipal Government Act* that will update ICF requirements in spring 2025. While the exact nature of these changes is unknown, RMA is hopeful that the revised process will better define ICF scope and clarify expectations related to data- or evidence-supported positions.

Local Government Fiscal Framework

- ◆ The Local Government Fiscal Framework (LGFF) has replaced the Municipal Sustainability Initiative (MSI) as Alberta’s primary capital grant program for municipalities beginning in the 2024-25 fiscal year.
- ◆ Although the LGFF provides funding for municipal capital projects, the purpose of the infrastructure supported by LGFF is to provide municipal services.
- ◆ In 2025, LGFF will provide all municipalities, other than Calgary and Edmonton, with a combined \$386 million in capital funding. The existing funding allocation formula is based on high population-growth municipalities, which places many rural and small urban municipalities at a disadvantage.
- ◆ Rural municipalities rely on funding sources such as LGFF to provide services to residents and the current allocation formula does not adequately reflect the needs of rural members. The formula should be modified to consider non-residential growth cost-drivers and services provided by smaller, low-growth municipalities.
- ◆ RMA recently provided input to the Government of Alberta on a formula for allocating LGFF operating funds. RMA emphasized the need for the Government of Alberta to work with municipal associations to better understand drivers of operating costs and allocate funds on that basis.

Downloading of Services

- ◆ As municipalities have limited sources of revenue, any requirement for municipalities to take on responsibility for delivering additional services will likely impact the quality and scope of existing services and/or force municipalities to increase property tax rates.
- ◆ In cases where municipalities are required to contribute to provincially or federally delivered services, such as in the case of policing through the Police Funding Model, the municipality should have a direct say in how those services are delivered that is proportional to their financial contribution.
- ◆ In many rural areas, municipalities or non-profit organizations “fill in the gaps” of provincial services that are not available or delivered at lower levels than in urban communities. This often strains local municipal and volunteer capacity and reflects an inequity in community supports in rural areas.

Delivery of Emergency/Disaster Services

- ◆ Alberta has faced an increasing number of natural disasters and extreme weather events in recent years, with the trend likely to continue. Municipalities need to be equipped to deal with such events and plan accordingly to best mitigate risk.
- ◆ Municipalities understand their local landscape, resources, and communities. Therefore, municipalities are in the best position to direct local resources to address emergency situations.
- ◆ Rural municipalities are often served by volunteer fire departments. In emergency situations, these fire services may need to be augmented with relief from neighbouring municipalities through mutual aid agreements.

- ◆ Rural municipalities work collaboratively with the provincial government to respond to emergencies and disasters.
- ◆ Government of Alberta support for municipal first responders during local emergencies should take place collaboratively and at the request of the municipality.
- ◆ The RMA is working with members and other stakeholders to develop and implement a strategy to improve how wildfires are fought outside the Forest Protection Area. The final wildfire working group report is expected to be released in spring 2025.

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