



ALBERTA
MUNICIPAL AFFAIRS

*Office of the Minister
MLA, Calgary-Hays*

AR107615

March 15, 2022

Ms. Cathy Heron
President
Alberta Municipalities
300, 8616 - 51 Avenue NW
Edmonton AB T6E 6E6

Dear President Heron:

Cathy

Thank you for your recent letters providing copies of resolutions passed by members at the 2021 Alberta Municipalities convention. I appreciate the opportunity to respond and have attached responses to the following resolutions:

- Resolution 2021.B3 – Advocacy on Financial Measures
- Resolution 2021.B5 – Expansion of Authority to Support Affordable Housing
- Resolution 2021.B6 – Police Funding Model Accountability and Transparency
- Resolution 2021.B7 – Regional Centre Funding
- Resolution 2021.B8 – National Flood Insurance Strategy and Community Resilience Advocacy
- Resolution 2021.B9 – Improved Provincial-Municipal Emergency Collaboration and Communications

I look forward to continuing to work with Alberta Municipalities to strengthen the province's communities.

Thank you again for writing.

Sincerely,

Ric McIver

Ric McIver
Minister

Attachment: Municipal Affairs Responses to 2021 Alberta Municipalities Resolutions

cc: Honourable Travis Toews, President of Treasury Board and Minister of Finance
Honourable Jason Nixon, Minister of Environment and Parks
Honourable Josephine Pon, Minister of Seniors and Housing
Honourable Tyler Shandro, QC, Minister of Justice and Solicitor General

Municipal Affairs Responses to 2021 Alberta Municipalities Resolutions

RESOLUTION 2021.B3	Advocacy on Financial Measures
RESOLUTION 2021.B5	Expansion of Authority to Support Affordable Housing
RESOLUTION 2021.B6	Police Funding Model Accountability & Transparency
RESOLUTION 2021.B7	Regional Centre Funding
RESOLUTION 2021.B8	National Flood Insurance Strategy and Community Resiliency Advocacy
RESOLUTION 2021.B9	Improved Provincial-Municipal Emergency Collaboration and Communications

Alberta Municipalities Resolution 2021.B3: Advocacy on Financial Measures

Moved by: City of Calgary

Seconded by: Town of Okotoks

WHEREAS Alberta's municipalities have long advocated for long-term, stable, predictable and appropriate funding in order to remain financially viable and continue to provide the services and infrastructure needed by our citizens;

WHEREAS the Alberta Municipalities in 2020 passed a resolution, submitted by the City of Edmonton, advocating for the Government of Alberta to reshape municipal finance for a new time and provide municipalities with reasonable measures and tools, and the responsibility that goes with them, to enable cities, towns, and villages to sustainably meet their operating and capital budget needs;

WHEREAS to support Calgary's economic recovery and financial resiliency, Calgary City Council identified the need for a Financial Task Force with a mandate to identify and assess innovative solutions for short-term economic mitigation, long-term economic recovery, and revenue options to improve the City of Calgary's financial resilience;

WHEREAS several of the Financial Task Force's recommendations are of interest to all of Alberta's municipalities in our on-going advocacy with the Government of Alberta on municipal financial reform;

WHEREAS the Financial Task Force recommended working with the Government of Alberta on municipal financial reform such as:

- Expansion of revenue tools;
- Property tax flexibility;
- Taxation of non-property related activity; and
- Non-residential sub-classes;

WHEREAS without changes to legislation, there is limited opportunity for change in these areas;

WHEREAS research and analysis are needed that documents the extent of the decline in bricks and mortar retail and the current transition to new models of goods and services delivery to demonstrate that municipalities' traditional real estate tax revenues cannot capture the transition to e-commerce transactions;

WHEREAS research and analysis identifying a comprehensive list of services and associated costs redirected to municipalities is required to support Alberta Municipalities and Alberta municipalities advocacy and dialogue with the Government of Alberta in determining the fiscal tools necessary to allow effective delivery of those services by the municipality; and

WHEREAS incorporating some of the Financial Taskforce recommendations can focus and improve Alberta Municipalities ongoing advocacy and work.

IT IS THEREFORE RESOLVED THAT the Alberta Municipalities continue to advocate to the Government of Alberta for municipal finance reform, including:

- The expansion of revenue tools to reduce reliance on property taxes as opportunities allow;
- The expansion of property tax flexibility as opportunities allow;
- The expansion of revenue tools to non-property related activities as opportunities allow;
- The development of non-residential property sub-classes that are efficient and easily administered to allow municipalities a tool for targeted financial relief;

FURTHER BE IT RESOLVED THAT to support our advocacy, the Alberta Municipalities, in collaboration with Alberta's municipalities, and if possible, the Government of Alberta undertake research studies and/or collect information on:

- The impact of e-commerce and the new models of goods and services delivery on municipal economies and finances; and
- Identifying a comprehensive list of services and associated costs redirected to municipalities.

Municipal Affairs Response:

The province recognizes that municipalities, like all governments, are facing fiscal pressures; however, the Government of Alberta does not agree that the solution to these challenges is to create additional taxation tools. The province believes all governments need to look for ways to reduce red tape, incentivize economic activity, and make strategic choices about where limited tax dollars should be spent.

Municipalities are encouraged to continue exploring how existing legislative measures can help with achieving desired outcomes for economic development. Legislative mechanisms already exist to provide councils with the ability to address exceptional circumstances in a targeted way. For example, a council may reduce property taxes for specific properties if they believe it is equitable to do so using Section 347 of the *Municipal Government Act*. Alternatively, a council may choose to provide tax incentives for non-residential property under Section 364.2, which provides municipalities with the flexibility to define the incentive criteria locally.

The *Municipal Government Act* allows municipalities to tax property and apply special, offsite, and local improvement taxes for specific purposes. Broader consultation would be required before the province would be prepared to consider any expansion of municipal taxation powers.

Alberta Municipalities Resolution 2021.B5: Expansion of Authority to Support Affordable Housing

Moved by: Town of Okotoks

Seconded by: Town of Canmore

WHEREAS the cost of housing has been consistently increasing across Alberta and Canadian municipalities, and lower income Albertans seem to be disproportionately affected especially with economic impacts from the COVID-19 pandemic;

WHEREAS affordable housing for families, seniors and individuals is defined as housing that costs not more than 30 per cent of a household's total annual income, including heat, water and sewer expenses;

WHEREAS the Federation of Canadian Municipalities has a housing advocacy program which states "housing is the bedrock of livable and prosperous communities. We advocate for action on social and affordable housing, so all Canadians have a decent place to call home. Housing is more than just a roof over your head. Safe, affordable housing makes our cities and communities welcoming places to live, work and start a business. It's also key to retaining workers and attracting newcomers to enrich our neighbourhoods and drive economic growth";

WHEREAS section 264(2) of the *Municipal Government Act* (MGA) prescribes the authorities for all municipalities under which loans may be provided to non-profit organizations for affordable housing initiatives and limits this authority to provides these types of loans; and

WHEREAS the local improvement tax process under Section 390.1-390.9 of the MGA was expanded to create additional authorities to make loans to individual homeowners for the purposes of encouraging environmental improvements under the Clean Energy Improvement Program (CEIP).

IT IS THEREFORE RESOLVED THAT the Alberta Municipalities advocate for the Government of Alberta to make amendments to the *Municipal Government Act* to provide additional financial tools, through expansion of the local improvement tax process, that enable individuals to increase affordable housing options, such as secondary suites and accessory buildings.

Municipal Affairs Response:

Supporting affordable housing is a priority of the Government of Alberta, and work is underway on a number of different initiatives that will speed up development, reduce red tape, and strive toward home affordability throughout Alberta.

Careful consideration of any new taxation tools to increase housing stock would be required before the government would enact any changes, as ensuring such tools are appropriate and effective is critical.

Additional analysis will be needed regarding the use of local improvement tax-like programs for affordable housing, taking into consideration the financial liabilities undertaken by homeowners and municipalities.

The Ministry of Seniors and Housing is currently consulting municipalities on these barriers.

Alberta Municipalities Resolution 2021.B6: Police Funding Model Accountability & Transparency

Moved by: Village of Stirling

Seconded by: Town of Magrath

WHEREAS the Government of Alberta began issuing annual invoices in March 2021 to municipalities for the purposes of collecting the municipal cost share under the new Police Funding Model Regulation;

WHEREAS the Ministry of Municipal Affairs 2021-2024 Business Plan (February 2021) notes that Key Objective 2.2 is to “encourage municipal accountability and transparency”;

WHEREAS key Objective 2.3 of the Municipal Affairs Business Plan clearly delineates the role of the Ministry to “oversee the property tax and assessment system”;

WHEREAS the requisition by the province under the Police Funding Model Regulation is neither transparent or accountable to individual property taxpayers; and

WHEREAS a request for decision sponsored by the Town of Forestburg was adopted at the Spring 2021 Municipal Leaders’ Caucus that proposes Alberta Municipalities lobby the provincial government to make the necessary amendment to section 382(1) of the *Municipal Government Act (MGA)* to allow municipalities the ability to pass a special tax bylaw to raise revenues for police service costs should they deem it appropriate to do so.

IT IS THEREFORE RESOLVED THAT the Alberta Municipalities also advocate for the Government of Alberta to treat the Police Funding Model requisition to municipalities like the education and housing authority requisitions by mandating their inclusion on assessment and tax notices provided to property owners.

Municipal Affairs Response:

The police funding model was implemented on April 1, 2020, with invoicing for policing costs beginning in January 2021. While tax revenue is a primary source to fund municipal costs, this process recognizes that municipalities have the flexibility to pay their police funding model invoice through a variety of sources, rather than just tax revenue, as would be the case if the funding were requisitioned. If the *Municipal Government Act* was amended so that the policing costs could be collected through a special tax or through a separate tax requisition and tax rate, this would add red tape and require greater administrative efforts by municipalities.

Municipalities may use a variety of means to communicate with residents and taxpayers about the uses of tax revenue. Some municipalities share information on the use of tax dollars through their websites, newspaper advertisements, social media, or informational inserts with the tax notices.

Alberta Municipalities Resolution 2021.B7: Regional Centre Funding

Moved by: City of Grande Prairie

Seconded by: City of Lethbridge

WHEREAS some municipalities serve as regional service centre hubs for commerce, recreation, health care, social services, and provincial amenities;

WHEREAS there are unique challenges that are disproportionately faced by regional centres;

WHEREAS these unique challenges result in a disproportionate tax burden being placed on residents of these communities; and

WHEREAS the Alberta government's 50 per cent reduction in GIPOT funding disproportionately impacts regional centres which typically have more provincial facilities such as court houses, hospitals, schools, etc.

IT IS THEREFORE RESOLVED THAT the Alberta Municipalities advocate for a dedicated funding stream for municipalities who serve as regional service centres.

Municipal Affairs Response:

The Government of Alberta understands that municipal infrastructure is critical to meeting the needs of citizens and supporting Alberta's economy. This is why the government has fulfilled its commitment to providing predictable, long-term infrastructure funding for all municipalities through the *Local Government Fiscal Framework Act*. This act establishes a new funding mechanism for municipalities beginning in 2024/25. The Local Government Fiscal Framework (LGFF) also includes \$30 million of operating funding that is not legislated.

Municipal Affairs will be engaging with local governments and associations to gather input regarding the LGFF allocation formula and program design elements. This will provide an opportunity for local governments to influence how LGFF funding will be distributed. If municipalities would like to dedicate parts of this funding to regional service centre municipalities, government would certainly consider such a condition, as government and municipalities work together to develop the LGFF formula, provided it has broad support from those impacted..

Alberta Municipalities Resolution 2021.B8: National Flood Insurance Strategy and Community Resiliency Advocacy

Moved by: Regional Municipality of Wood Buffalo

Seconded by: Lac La Biche County

WHEREAS the Government of Canada has created a National Task Force on Flood Insurance and Relocation, including representation from the federal, provincial, and territorial governments and the insurance industry;

WHEREAS the Task Force will look at options to protect homeowners who are at high risk of flooding and do not have adequate insurance protection and examine the viability of a low-cost national flood insurance program, among other goals;

WHEREAS at the same time, Indigenous Services Canada will work with First Nations partners on a dedicated Steering Committee on First Nations Home Flood Insurance Needs to examine the unique context on reserves;

WHEREAS flooding is the most common and costly natural disaster in Canada, causing over \$1B in direct damage to residential property and impacting thousands of Canadians every year; and

WHEREAS according to the Insurance Bureau of Canada, only 39 percent of residential property owners had access in 2019 to overland flood insurance with these property owners in high-risk flood areas being increasingly unable to access flood insurance, affordable or otherwise.

IT IS THEREFORE RESOLVED THAT the Alberta Municipalities advocate for the Government of Alberta to participate in and contribute to the work of the National Task Force on Flood Insurance and Relocation, with the goal of developing a national high-risk residential flood insurance program and to secure sustainable, long-term funding for provinces, Indigenous communities and municipalities for flood mitigation programs, projects and initiatives that increase overall community resiliency.

Municipal Affairs Response:

The Government of Canada is advancing its Flood Insurance and Relocation Project (FIRP), which is a federal/provincial/territorial initiative to expand access to overland flood insurance and relocation options for high flood-risk properties. The proposed high-level outcomes of the FIRP include the development of policies and tools to improve flood resilience throughout Canada; to promote risk-informed decision-making in place by 2030; and to implement a net reduction in flood-related disaster impacts across Canada by 2050.

The Alberta Emergency Management Agency (AEMA) is leading the Government of Alberta's cross-ministry involvement in the work to help ensure the approaches taken by the FIRP are effective and appropriate, and support the overall reduction of disaster risk throughout the province.

Alberta Municipalities Resolution 2021.B9: Improved Provincial-Municipal Emergency Collaboration and Communications

Moved by: The City of Calgary

Seconded by: Town of Okotoks

WHEREAS Alberta and its municipalities have been recognized nationally and internationally in the past for their collaborative, inter-governmental and inter-agency approach to emergency response;

WHEREAS Alberta's traditional emergency management processes involve the Government of Alberta (through the Alberta Emergency Management Agency (AEMA)) providing support in a collaborative and timely manner to Alberta's municipalities who play an essential leadership role within their jurisdiction in responding to the emergency event occurring in their community;

WHEREAS throughout the COVID-19 pandemic there has been a lack of proactive communication and meaningful engagement and collaboration from the Government of Alberta towards Alberta's municipalities, and this has resulted in negative outcomes for municipalities and their citizens;

WHEREAS during the COVID-19 pandemic there has been very little opportunity for Alberta's municipalities to provide advanced input on public health measures or decisions, even though these have significant consequences at the local level and local advice, in many cases, could have improved the effectiveness of provincial measures;

WHEREAS during the COVID-19 pandemic, Alberta's municipalities rarely received formal advance notice of the details and timing of public health measures before they were announced and had to find out details of measures through press conferences at the same time as the public;

WHEREAS official Public Health Orders and Ministerial Orders were typically not published until often several days after the restrictions were implemented; and

WHEREAS this lack of collaboration has been the source of major challenges for implementation of public health measures for municipal services, communications and public engagement, and enforcement of public health measures by local enforcement agencies. The result has been confusion, reputational impacts, financial loss, and impacts to service delivery.

IT IS THEREFORE RESOLVED THAT the Alberta Municipalities urge the Government of Alberta to:

- Work collaboratively with municipalities and their emergency management organizations on conducting a comprehensive lessons-learned review of the COVID-19 pandemic response and incorporate those lessons in an improved Provincial emergency response and communications plan;

- Commit that going forward Alberta's municipalities and their emergency management organizations will be treated as trusted and valued partners in Provincial emergency response; and
- Establish an advisory group of municipal emergency management organizations and other key stakeholders to better advise and support the Government of Alberta's decision making and emergency order drafting and to improve emergency communications, coordination and collaboration.

Municipal Affairs Response:

Alberta's municipalities and their emergency management organizations have always been, and will continue, to be considered trusted and valued partners. This mutually supportive and beneficial relationship is not exclusive to the response phase of an emergency, but spans mitigation, preparedness, response, and recovery. With respect to the COVID-19 pandemic response, this has been led by Alberta Health and Alberta Health Services, with AEMA supporting as required. The COVID-19 pandemic was novel, surprising, and unprecedented for modern governments. We are always willing to hear and seriously consider municipal feedback on how we can better work together moving forward.