

INTERMUNICIPAL COLLABORATION FRAMEWORKS IN ALBERTA, CANADA: AN ASSESSMENT

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Introduction

Intermunicipal Collaboration Frameworks (ICF) are a new type of mandatory agreement introduced in Alberta, Canada in 2017, meant to help plan, deliver, and fund services between contiguous municipalities. This research assessed whether ICFs have achieved their stated purpose of improving intermunicipal collaboration through the regional coordination of services. The study's main aim was to determine what factors are at play in ICF development processes that hinder or facilitate improved intermunicipal collaboration.

Methodology

We used multiple methods to investigate ICF processes and outcomes, including analyzing 228 publicly accessible ICF documents to develop descriptive statistics on the presence of the following elements:

- Existing service agreements
- Collaboration principles
- Joint collaboration committees

We conducted in-depth assessments of five case studies, including three that went to arbitration. For this, we interviewed 16 key informants and held discussions with board and/or committee members from urban and rural municipal associations in the province. In addition, 10 additional interviews with Alberta municipalities were carried out as part of the "Future of Local Governance" project.

Theoretical Framework

The Institutional Collective Action (ICA) framework was used to yield insights about ICFs. ICA posits three potential risks associated with intermunicipal collaborations:

- Defection—the likelihood that participants will not comply with an agreement for opportunistic reasons and a lack of trust
- Division—the difficulty of establishing agreement on the distribution of collective benefits and costs, leading to high bargaining costs
- Coordination—the inability to reconcile mutually beneficial opportunities, perhaps due to lack of information or similar concerns

The framework also invokes the idea of a Net Expected Benefit (NEB), resulting from an Expected Benefit (EB) less the Expected Cost (EC); this determines an actor's preference for collaborating or not. A high NEB, which may include political, social, and economic joint benefits, means the collaborating parties are more likely to accept the EC. The EC includes resources and time and is influenced by risks to collaboration, such as decision-making biases, constraints, and aversion to the environmental and relational risks of the collaboration failing.

Main Findings

- The mandatory nature of ICF limits the risk of parties defecting from ICF agreements, but significant challenges exist in reconciling mutually beneficial opportunities and establishing agreement on the distribution of collective benefits and costs.
- While ICFs clearly have benefits, significant hurdles remain related to the (a) negotiation of complex arrangements, including cost and revenue sharing, and (b) the interplay of arbitration, or the threat of it. Other factors, such as the provincial role in legislating and changing the requirements of ICFs and the timing of elections, also present barriers to negotiating mutually beneficial agreements.

Secondary Findings

- The ICF initiative has been a success in the sense that many urban–rural pairings have deepened their collaboration and resolved numerous challenges with local service provision across multiple service categories.
- The mandatory aspect of ICF seems to be a key feature that leads to the collaboration. Left only to voluntary participation, many municipalities would probably have declined to participate for various reasons, such as poor existing relationships and their unwillingness to share costs.
- If the current deficiencies and limitations in the legislation are remedied, ICFs could prove to be an effective form of regional cooperation, while also improving land-use outcomes.
- The collaboration in services the ICF initiative is attempting to generate is really in response to some fundamental challenges with the state of local government finance arrangements in Alberta, such as setting sustainable mill rates, low agricultural taxes, uncertainty with linear taxes, devolution of provincial responsibilities onto municipalities, and fluctuating oil prices.
- Stakeholders have no one preferred outcome for how service costs could be shared in an equitable manner, but perceptions of fairness change over time in response to the fiscal challenges that municipalities face.
- Improvements to financial transparency could make it easier and quicker for municipalities to decide whether to engage in equitable cost- or revenue-sharing arrangements.
- Improving the clarity of the regulations and definitions that undergird the ICF initiative, which currently generate misunderstandings and disagreement, would serve to improve intermunicipal cooperation.
- Rural municipality informants were greatly concerned about the type and extent of arbitration awards because they viewed the rulings as biased against their municipality and extending beyond the matters initially at issue.
- Informants expressed concerns about the Government of Alberta's actions to adjust requirements and guidelines mid-course and the limited intervention in cases where provincial timelines were not respected.
- Changes in the political landscape occasionally added extra tensions, sometimes linked to the timing of new incoming councillors, which put administrations at odds with councils.

Assessment of ICF

Benefits	Limitations / areas for improvement
<ul style="list-style-type: none"> ● Allows flexibility for municipalities to focus on areas of concern or mutual benefit ● Provides better predictability in ultimately getting to an agreement ● Potentially leads to more equitable cost sharing ● Resolves long-standing servicing disputes in some cases ● Enables municipalities to build foundational rules for cooperating with one another ● Motivates parties to negotiate ● Sometimes prompts the creation of IDPs perceived to be needed, which may lead to less contentious annexations and land use and service outcomes ● Yields results due to mandated dispute resolution process ● Provides a stepping stone towards regional coordination 	<ul style="list-style-type: none"> ● Avoids addressing the core reasons for fiscal imbalances between municipalities, and inequalities during the negotiation process ● Introduces confusion because of lack of legislative clarity on several matters: What constitutes a service? What is a shared service? Does a service provided by an entity other than the two parties involved in ICF fall under the purview ICF? What types of cost-sharing arrangements are appropriate? ● Generates uncertainty related to arbitration process and parameters, and appeals ● Negotiations must navigate uncertainties due to mid-course changes to ICF requirements ● May not lead to better collaboration where it is perceived to be unnecessary or unwanted (for instance, between two rural municipalities) ● May not be helpful for trying to resolve highly contentious issues or damaged intermunicipal relationships ● Legislatively, ICFs isolate servicing matters from the use of land

Recommendations

We propose the following few recommendations for the Government of Alberta to implement, which will serve to reduce the collaborative risks that come with ICF negotiations, thereby helping municipalities access the net expected benefits of cooperating with one another:

Reducing the Problem of Defection

- Improve arbitration outcomes by setting parameters in the *Modernized Municipal Government Act (MGA)* about how ICF disputes are arbitrated.
- Improve the quality of arbitrators by developing training on urban and rural local government functions.
- Include the proceedings, appeals, and judicial reviews in the arbitration sections (ss 708.34–708.43) of the MGA, just like those included in the Land and Property Rights Tribunal Act, including municipal responsibilities during the judicial review process.
- Full financial disclosure should be required throughout the negotiation process and mediation and arbitration processes.

Reducing the Problem of Division

- Insert a list of minimum specific services in the MGA along with clear definitions of what constitutes a “service” and “shared service.”
- Clarify when (or even whether) a third-party provider is a part of said shared services in the MGA.
- Define what is entailed in each of the services in the legislation when they must be included in an ICF agreement.
- Require ICFs to outline principles of collaboration, such as those for determining when to share a municipal service or how the cost should be shared.
- Clarify the dispute resolution process further (in or outside of the MGA) so that municipalities can focus on negotiating the content of ICF rather than the process.
- Add a provision in the MGA to minimize municipalities escalating frivolous matters to arbitration or mediation.
- Expand mediation and facilitation assistance offered through Alberta Community Partnership grants and the Collaborative Governance Initiative.

Reducing the Problem of Coordination

- Prescribe a standard practice of accounting and transparency in exchanging information throughout Alberta municipalities.
- Strengthen the accounting practices of municipalities.
- Develop a regulation that requires cost- and revenue-sharing aspects to be in servicing agreements but not part of the overall ICF agreement.
- Introduce a cost-sharing formula based on equalized assessments, usage, and/or cost per capita with the option for any mutually agreed formulas or independent assessment.
- Develop financial and service metrics for municipalities to easily communicate the cost of services they provide.
- Make ICF agreements optional between adjoining rural counterparts in the MGA.

Improving Net Expected Benefits

- Include in the MGA the provision of joint collaboration committees through the ICFs, which include a “where mutually agreed” proviso, to investigate opportunities of mutual benefit and resolve intermunicipal disputes as they arise.
- Expand the purpose of ICF in the legislation to include “efficient use of land.”
- Incorporate the development of an IDP as a key requirement of ICF in the legislation, unless municipalities with an ICF agree not to have one.
- Develop a guideline with best practices for how urban and rural municipalities can collaborate on soft services, such as recreation and social services.
- Celebrate highly successful examples of ICFs and IDPs, particularly multi-party ones that provide enhanced regional outcomes, to promote best practices.