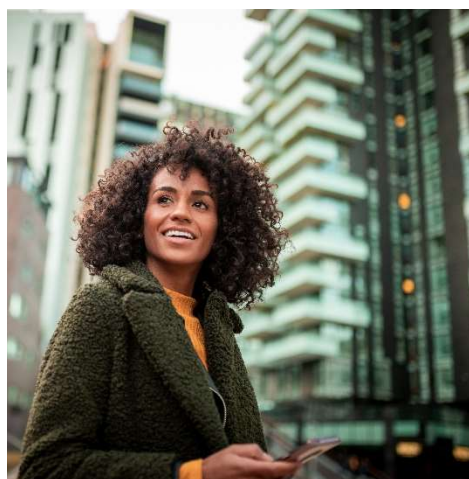


What We Heard

Assessing the Viability of Smaller Municipalities: The Alberta Model



Future Of Municipal Government

Assessing the Viability of Smaller Municipalities: The Alberta Model

Theme:

Kimberly Jones, Mukesh Khanal, and Kevin McQuillan's paper is the final part of the [Future of Municipal Government \(FOMG\)](#) project. Their study summarizes the social and economic factors that affect viability and suggests policy recommendations that could assist municipalities in remaining viable.

Key Findings

- **Demographic Factors:** Towns and villages undergoing viability reviews often experience slower growth and higher aging populations compared to those that have not been reviewed. Smaller populations and older demographics pose challenges due to limited tax bases and increased reliance on pension incomes.
- **Infrastructure Challenges:** Smaller communities face significant challenges in maintaining essential infrastructure like water systems, roads, and municipal buildings. Many rely heavily on provincial and federal grants, but local contributions are essential and can strain budgets, especially without major government support.
- **Municipal Tax Rate:** Rising municipal tax rates, driven by fiscal challenges and infrastructure needs, can lead to population decline and increased support for dissolution. Communities with higher tax rates often face difficulties in balancing revenue needs with resident affordability and may consider dissolution to alleviate tax burdens. However, dissolution does not always result in reduced taxes.
- **Non-Payment of Taxes:** Non-payment of property taxes is a critical issue affecting municipal revenues. Even in well-performing communities, a significant portion of property owners may not pay assessed taxes, threatening municipal viability.

Suggested Policy Recommendations:

- Alberta Municipal Affairs should maintain its reporting and viability review processes to help communities track and enhance their sustainability, and plan for improvements where needed. Still, improvements can be made. There is an opportunity to improve viability indicators to better reflect on viability challenges. For example, acclamation in local elections can be a sign that residents are satisfied with the existing council or a better indicator of challenges with political viability could be the length of time a council seat is vacant.
- The relationships between towns, villages, and their respective municipal districts and counties are becoming increasingly crucial. More attention to the consequences of dissolution, including the costs for the receiving municipality is necessary.
- Supporting struggling communities that have voted against dissolution remains a challenge. Municipal Affairs should develop an action plan if issues persist despite residents' efforts. Further discussions are needed on how to best guide residents to a resolution.
- It's important to focus on municipalities consistently scoring below the minimum on key indicators, especially those that haven't requested viability reviews. The number of these reviews has decreased, despite evidence that many communities are facing challenges.

	Population 2016	Population 2021	% Increase 2016-2021	Median Age 2016	Median Age 2021	%65+ 2016	%65+ 2021
Dissolved							
Mean	278	259	-9.2	46.6	50.9	22.4	26.4
Minimum	40	36	-32.2	34	39.6	6.2	13.3
Maximum	827	854	12.6	60.2	61.6	40.9	40
Directives							
Mean	335	328	-3.1	48.1	49	23.3	26.1
Minimum	112	92	-17.9	39.5	38.8	12.8	15.2
Maximum	612	577	10.7	58.8	59.6	37.2	43.5
Flagged							
Mean	382	373	-2.3	42.4	46.4	19.2	23.4
Minimum	91	126	-24.2	32.5	32.4	6.9	9.8
Maximum	1085	1164	49.5	58.9	60.8	35.5	40.9
Unflagged							
Mean	493	480	-1.8	42.6	45.1	19.1	21.8
Minimum	154	135	-31.4	24.8	25	6.3	8.7
Maximum	1278	1438	32.8	59.6	59.6	33.1	37

The table above shows data on population size, growth rates, median age, and the percentage of residents aged 65 and over for villages. The findings confirm that villages, in general, are experiencing slow growth or decline in population and populations are aging.

Between 2016 and 2021, village populations declined by nearly three percent on average, with the median age increasing from 43.6 to 46.6 years. Villages that underwent viability reviews experienced steeper population declines and more advanced aging. The populations of dissolved villages decreased by almost 10 percent on average during this period, with the median age reaching nearly 51 years in 2021, which is over five years higher than in villages that were not flagged for review.

These trends highlight challenges in managing smaller municipalities with older populations. Smaller populations mean a limited tax base, making it difficult to fund infrastructure projects. An older population typically implies a lower employment rate, adding to the complexities of municipal governance.



FUTURE DIRECTION

Based on this paper's findings and feedback from membership, further work will be done as part of the FOMG project and related Alberta Municipalities initiative to:

- Continue to work and engage with Municipal Affairs to enhance the viability Review Process with members.
- Help to provide solutions and policy recommendations for members to assist in their ongoing efforts to remain viable.
- Promote participation by councilors, CAOs, and other administrators in organizations that provide networking, mentorship, and education to support each other on the path to viability. Such as; Elected Officials Education Program (EOEP), Alberta Rural Administrators Municipal Administrators' Association (ARMMA), and Local Government Administration Association of Alberta (LGAA).

MEMBER ENGAGEMENT

- The webinar on April 24th, 2024, with all three of the authors, offered an opportunity for members to ask questions and share their feedback on the report's findings, and even suggest opportunities where the viability process could be improved.
- 45 representatives of municipalities of all types and sizes attended the webinar.
- Attendees expressed interest in a range of topics, including the Chief Administrative Officers (CAO) responsibility in steering sustainable council decisions, challenges with debt financing for major infrastructure projects, the impact of historical governance versus declining population, and property tax increases.



Alberta Municipalities Strength In Members

Connect

300, 8616 51 Avenue
Edmonton, AB T6E 6E6
780.433.4431 ■ 310.MUNI

abmunis.ca

