

REPORT FOR INFORMATION**City Charters Update****Report Purpose**

To provide Council with an overview of the amendments to the Municipal Government Act relating to City Charters, proposed amendments to City Charters regulations, and Bill 32 – City Charters Fiscal Framework Act.

Our Prioritized Strategic Goals

Goal 5 - Foster collaboration through regional, community and governmental partnerships

Report

In 2014, an agreement was signed between the Government of Alberta, Edmonton, and Calgary committing to the development of city charters for Alberta's 2 largest cities. While no two charters are identical as they seek to serve the unique requirements of each municipality, there are similar charters across Canada for major cities, i.e. Toronto, Halifax, Montreal, Winnipeg, and Vancouver. The focus of charters has been to provide appropriate funding and powers to municipalities that recognize the unique challenges and the costs associated with meeting these challenges.

Since 2014, Edmonton and Calgary have been negotiating with the Government of Alberta on the development of city charters. The Alberta Urban Municipalities Association (AUMA) and the Rural Municipalities of Alberta (RMA) were also represented within the working group.

Summary of City Charter Provisions within the Municipal Government Act

The *Municipal Government Act* (MGA) was amended by Bill 8 – An Act to Strengthen Municipal Government, which was passed by the Legislature in May 2017. Amendments to the MGA include the addition of Part 4.1 – City Charters, which authorized the establishment of city charters to address the evolving needs, responsibilities, and capabilities of cities to best meet the needs of their communities.

As set out in the MGA, city charters may govern all matters related to the administration and governance of the charter city including, but not limited to, the powers, duties and functions of the charter city and any other matter that the Government of Alberta considers desirable.

The MGA states that city charters may provide that provisions of the MGA or any other enactment do not apply to the charter city, and the city charters may specify or set out provisions that apply instead of or in addition to provisions of the MGA or any other enactment. City charters may also authorize the charter city, by bylaw, to modify or replace provisions of the MGA and other enactments to the extent set out in the charter. These changes would only apply to the city making the bylaw. These bylaws require a public hearing before second reading. If there is a conflict between a charter and other enactments or regulations, the city charter prevails. City charters can also include retroactivity to the beginning of the year they are enacted. They have no effect on the status of the charter city as a city under the MGA or other enactments, except to the extent

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that the charter provides otherwise. The rights and obligations of a city and the rights of the Government of Alberta are also not affected by the establishment of the charter, except to the extent that the charter provides otherwise.

City Charters Regulations Overview/Highlights

The City Charters Regulations (2018) are regulations under the MGA. The city charters are enabling, meaning that they allow the cities to choose if and when they would like to use the additional authorities they are granted through their charters.

The following is an overview of the changes applicable to Edmonton and Calgary.

Administrative efficiency

- permit modernizing assessment processes, such as increased use of online technologies
- streamlining decision-making, such as allowing for online notification instead of written in certain instances of property rezoning
- enhancing clarity of assessments, including clearer and more consistent information about technical aspects of tax assessments
- permit the establishment of a municipal administrative tribunal system (e.g., a place to adjudicate traffic tickets) to streamline and improve customer service for transit and parking bylaw infractions

Supporting community and well-being

- inclusionary housing, such as providing the flexibility for cities to partner with private business to prevent loss of affordable housing due to demolition or condo conversion
- non-profit support, including allowing the best use of municipal and provincial capital funding when building arts, culture, recreation, and sports facility projects in partnership with non-profits

Smarter community planning

- transportation, such as allowing transportation rules and regulations to be tailored to respond to local context
- neighbourhood revitalization, such as flexibility to manage brownfield redevelopment
- enable smarter growth, such as the authority to define additional types of statutory plans
- the Province, Edmonton, Calgary, and school boards continue to work together under the city charters collaboration agreement to plan schools in Alberta's two major cities
- cities now have 5 years instead of 3 to start a local improvement and begin charging the tax levy and 2 years instead of 1 to complete the local improvement

Empowering local environmental stewardship

- energy efficiency and energy security, such as amending the building code to increase energy efficiency and environmental sustainability on new projects
- climate adaptation and mitigation, such as requirements that cities need to develop plans to adapt to or reduce climate change risks
- environmental protection, such as allowing cities the ability to bypass bylaws to deal with environmental issues in the context of land use and development, waste, and recycling
- develop mandatory municipal climate change adaptation and mitigation plans

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Collaboration Agreement

In addition to the regulatory changes, a key focus of the charters is the new relationship between the Province and the two cities, highlighted through the collaboration agreement.

The **collaboration agreement** commits the Province and the two cities to ongoing, long-term coordination of issues of mutual interest through 3 policy and planning tables:

- social policy;
- transportation; and
- environment and climate change.

These tables will consist of the Ministers of Municipal Affairs and of Treasury Board and Finance, and the Mayors of Edmonton and Calgary. They will meet regularly to develop work plans and priorities and will report their progress to the public and elected officials. Work completed through these collaboration tables will support efficiencies in service delivery and use of public funds.

Summary of Bill 32– City Charters Fiscal Framework Act

Bill 32 was passed on December 5, 2018 and comes into force on April 1, 2019, following the completion on the public consultation of the regulations (closes end of January 2019).

Bill 32 provides Edmonton and Calgary with:

- Unique and legislated capital funding program starting at \$500 million in 2022-23 with growth related to provincial revenues and changes in fuel sales (in lieu of MSI).
- \$400 million in annual transit funding, starting in 2027-2028.

In addition, there are several proposed amendments to the City Charter Regulations such as the ability to:

- Run deficits within a 4 year budget cycle as long as rectified in the next 3 years, therefore balanced at end of 4 years;
- Establish, through policy, their own debt limit and debt servicing limits. They are obligated to obtain a credit rating and hold public hearings to establish its policy. Cities are still required to submit annual financial information to the Province.
- Establish a bylaw that defines types of infrastructure that off-site levies can be imposed on and method of calculation;
- Establish an inclusionary housing program, including the ability to finance programs/projects for third parties;
- Use longer timelines to begin and complete local improvements;
- Use simplified rezoning notifications if less than 500 parcels are involved; and
- Use an expanded definition of school sites and be allowed to use sites for any purpose within a Joint-Use Planning Agreement with school boards.

Regionally, the new fiscal framework provides infrastructure dollars for regional projects that support significant regional economic development. The Government of Alberta is allocating \$50 million per year to be split 3 ways, one-third to the Edmonton Metropolitan Regional Board (EMRB), one-third to the Calgary Metropolitan Regional Board (CMRB) and one-third to other regional bodies on a competitive basis.

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Overall Summary

Unlike some city charters in other provinces, changes can be made by Cabinet through Order in Council without going through the Legislature.

Municipalities and their associations will need to monitor further proposed changes to provincial legislation, by tracking policy proposals and public hearings put forward in Edmonton and Calgary. Significant future changes will be subject to input from stakeholders such as developers, businesses, and residents who will also maintain the ability to take significant concerns to the proposed changes directly to the Government of Alberta.

Despite having city charters within legislation, Edmonton and Calgary remain municipal corporations that are subject to the legislative authority of the Government of Alberta.

Opportunities

Both the AUMA and RMA are taking the following 3 key principles within the city charters as a precedent for their negotiations with the Government of Alberta on the next iteration of MSI.

- Fiscal framework linked to provincial revenues;
- Funding that allows for long-term financial planning; and
- Funding that will be defined in legislation.

To date, Strathcona County has agreed with these 3 principles.

AUMA will now be speaking on behalf of the balance of its members in Alberta with over 60% of Alberta's population falling under the 2 existing city charters. RMA's input will be more balanced now with AUMA population-wise.

The biggest future challenge will be the development/negotiation of a funding formula and its impact on municipal funding as the Government of Alberta struggles to its control spending and balance its budget.

The current MSI funding formula is based on population, education property tax, and kilometres of local roads. Strathcona County, as a specialized municipality, benefits from the current MSI funding formula. This formula is also supported by RMA.

Other Impacts

Policy: n/a

Legislative/Legal: n/a

Interdepartmental: n/a

Master Plan/Framework: n/a