

FLAGSTAFF REGIONAL GOVERNANCE INITIATIVE SUMMARY

-OCTOBER, 2017-



- Flagstaff Intermunicipal Partnership (FIP) – established 2003. Nine member municipalities: Alliance, Daysland, Flagstaff County, Forestburg, Hardisty, Heisler, Killam, Lougheed, Sedgewick. Mandate: partner and collaborate to ensure long-term prosperity and quality of life as a region of communities. Examples of successful initiatives: Regional Emergency Services Communications System; Regional SCADA System for Water Treatment Plants; Regional Assessment Review Board; and the Regional Subdivision and Development Appeal Board.
- Regional Governance Initiative starts in 2015. Survey of CAOs and elected officials. Two workshops. Research of governance options. FIP Agreement to continue to Phase 2 to more deeply explore regional governance option.
- Regional Governance Initiative Phase 2 starts June, 2016. Four key activities with associated key outcomes:
 - **1) Regional Services Survey** - 340 completions. Majority satisfied with services (highest ratings - basic services) and value for tax dollars. Majority say quality/variety of services will decline in future and quality/variety of services is needed to maintain a quality of life and to attract new investment and families. A majority wants to explore region-based services as a potential solution. Identified gaps: spray park, multipurpose facility, walking/biking trails, indoor swimming pool.
 - **2) Infrastructure Assessment** – completed by Urban Systems. 80-140% of total current budgets (depending on municipality) needed to annually fund infrastructure re-investment line item alone. This is a significant infrastructure deficit that requires more population/investment attraction/more efficient governance to help resolve. There is little wiggle room (e.g. tax rates/tax burden and utility rates are higher than provincial average, debt is low but there is limited borrowing capacity, low reserves to fund infrastructure) to address this deficit.
 - **3) Municipal Sustainability Assessments** – Municipal Affairs-based assessment survey completed by each community's administration. Report card of current municipal operations generated for each municipality: Communities are treading water....not great based on indicators. The Good - regional cooperation, Finances (at the moment...not addressing infrastructure deficit), and Operational and Administrative Capacity. The Bad – Villages have current, urgent challenges. The Future - critical challenges lie in Service Delivery - where standards need to be established, Infrastructure, and Risk Management. Most communities are recording stagnant or declining population, which opens a window to significant challenges, including affordable and efficient Infrastructure repair and recapitalization, and Community Well-Being represented by a number of economic and community vitality indicators. Any lag in ability to provide more or better services in future may compromise ability to attract labour and investment, which have potential to generate a downward cycle.

WHY CONSIDER REGIONAL GOVERNANCE?

- Small and declining population.
- Decreasing tax base is increasing pressure for services to decline or taxes to go up.
- Higher than Alberta average tax burden.
- Limited borrowing capacity and limited reserves/savings.
- Infrastructure (water, sewer, roads, buildings) is getting old and much of it needs to be repaired/replaced.
- Public desire for more services and infrastructure, including affordable high speed internet.
- Lack of ability to focus on positioning for the future (attract investment, new families, etc.).
- Governance inefficiency for population size: 48 elected officials, staff duplication.
- Two Villages (Galahad/Strome) already dissolved.
- Increasing legislative and operational demands (MGA and other legislation) that are time consuming and potentially expensive.
- Some communities are struggling to get citizens to run for council.

REGIONAL GOVERNANCE GOAL

To work as one region that can focus on the constructive use of tax dollars in the short-term, and in the long-term work on growing our communities/region.

WHAT WE SHOULD AIM FOR

- Reasonable services with associated reasonable tax levels.
- Service enhancement where possible.
- Good and affordable government.
- *Positioning for a prosperous future.*

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Conclusion of This Analytical Work

- *The Current Situation Is Not Sustainable Into The Future*
- *There Is No Guaranteed Solution For Challenges*
- *Solutions Can't Be About Today, They Have To Be About The Future*
- *Alone – We Aren't As Prosperous, Efficient Or Competitive As We Could Be*
- *Working Together Will Generate More Opportunity And Growth For Everyone's Benefit*

○ **4) Evaluation of Regional Governance Models in Canada**

A) Researched similar situations in Canada when communities get together to collaborate – from services to governance. Based on successful practices elsewhere, a set of Guiding Principles was developed for each of four areas (governance, taxation, services, community identity) to guide creation of a recommended regional governance solution.

B) Four public Open Houses were held in November, 2016 to present the Guiding Principles and acquire feedback.

Based on polling at Open Houses: 80% support for generating a region-based governance/services solution, explaining how it works, and then implementing it; 12% support for holding a public vote to endorse (or not) a regional governance solution; 8% for other approaches.

C) Presentation of governance model options to FIP, with unanimous December 8, 2016 FIP member community decision to pursue design of a single-tier governance model (Model E below) as a “best option” because of: a) Efficiency - eliminates duplication of elected officials, administration, taxation and regulation; b) Sum Greater Than The Parts - aggregates resources and provides new opportunities for coordination of investments, marketing opportunities, and growth initiatives; and c) Ability to Master Destiny vs Accept Fate – can use principles and make future governance model adjustments that have best chance of creating next generation prosperity and quality of life in our communities and region.

*Model Options Considered: **MODEL A:** Service Specific Commissions and Service Agreements – similar to present with more service agreements between municipalities; **MODEL B:** Two Tier – Service Provision Based Model - add a level of bureaucracy to govern regional services; **MODEL C:** Two Tier – Growth Initiatives Based Model - add a level of bureaucracy to develop and manage things like economic development, land use, and tourism; **MODEL D:** Single Municipal Corporation Model (Under the Alberta Corporations Act) - one corporation would be created to run all municipal services and initiatives; **MODEL E:** Single Municipal Corporation Model - all communities dissolve and form a new municipality with one administration and one council.*

Public feedback to date has indicated that residents wanted more details to consider - particularly around implications for taxes and services – to be able to answer a top of mind question in determining whether a single tier governance solution (amalgamation) is a best solution for residents: “How would this be better than what we have now?”

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In Spring, 2017, FIP asked Municipal Chief Administrative Officers (CAOs) to further develop governance model details in four areas:

- Governance: Developing a governance model (boundaries/divisions, elected structure, name, location of municipal office) to ensure citizens are properly represented by elected officials.
- Services: Establishing uniform service choices and service levels for the region.
- Taxation and Debt: Balancing service levels with taxation levels while positioning to be attractive to investment and new families in future.
- Identity: Ensuring each community retains its unique identity under a new regional context.

CAOs have met several times to date to determine what a services structure would look like. This is the most complex part of the governance model because not all communities in the region have all the same services and/or service levels, some new desired services were identified in the community survey in 2016, and both range of services and service levels are directly related to taxation and economic development that positions for the future. This work also involves presenting some options for residents to consider.

Finalizing a best option regional governance model is estimated to take a further 6 months.

After the municipal election on October 16, 2017 the following process related to the regional governance initiative will be undertaken:

- November, 2017 - orientation session for newly-elected officials. Get their feedback and/or approval of the regional governance initiative to continue.
- Spring, 2018 - Public input session(s) to present proposed regional government model details.
- FIP considers any amendments based on public feedback.
- Final Regional Governance Plan is publicized.
- Individual Councils decide how they want to proceed by making a regional governance decision (i.e. a yes or no to amalgamation).
- If there is a decision to proceed with regional governance, submit amalgamation application to Minister of Municipal Affairs. *Note: A decision to amalgamate is voluntary. An application to the Minister may involve some or all of the FIP municipalities.*

Of note:

- 1) Any governance model can be modified in future to make improvements.
- 2) Any discussion of details can't limit the ability of a future Council to determine the future of the municipality as a matter of more detailed implementation work.

Alberta Municipal Affairs has indicated previous amalgamation processes have been 1-3 years in duration. The estimated 6 month timeline brings us to the 3 year mark, which is OK given our nine communities are the largest number of governments working together to consider amalgamation in the history of the province.

Links to documentation (e.g. summary reports, survey results, governance model principles) are available at: www.flagstaffunited.ca